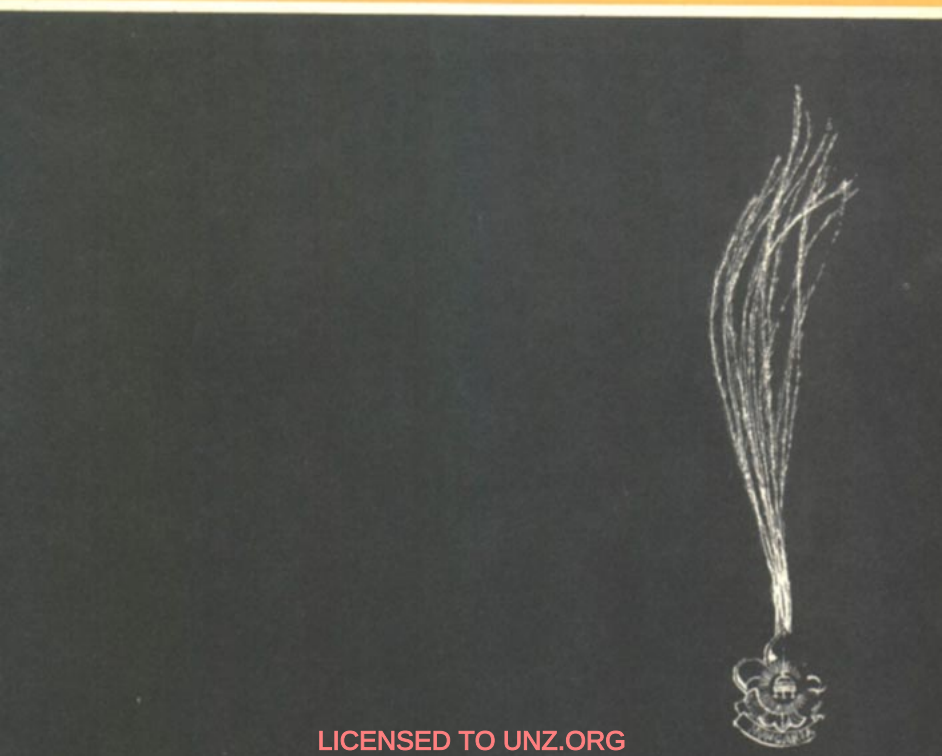
the Freeman

Ideas on Liberty

FEBRUARY 1970



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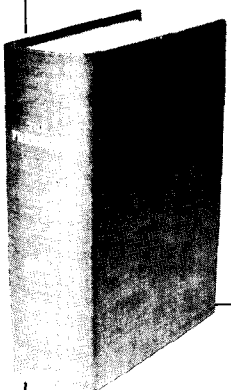

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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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Emblem of Freedom

GEORGE F. CAHILL

MAN, through all of the ages and civilizations, has devised various emblems and symbols of his beliefs, associations, and ideals. Such emblems have been countless and varied.

The most widely known and heralded emblem of freedom in the history of the world is the flag of the United States of America. It is a man-made thing, a man-made banner of red, white, and blue. Another man-made emblem of freedom is the 225-ton woman named "The Statue of Liberty" in New York Harbor. The poetess, Emma Lazarus, called it "Mother of Exiles."

There are few natural emblems of freedom. One pre-eminent example is the Eagle. In the earliest days of civilization his visual projection appeared on coins, emblems, carvings, and castings. He served to remind man of his noblest aspirations. It has been said that the Eagle is the emblem of freedom, the incentive of valor, the pledge of victory.

There is another natural emblem of freedom, unique, for it is a vegetable, called *Árvalányhaj*! It grows two to three feet tall, thin-stemmed, flexible but strong, and flaxen in color. It bows majes-

Mr. Cahill is Scout Executive of Allegheny Trails Council, Boy Scouts of America, and Executive Director of the Flag Plaza Foundation, both headquartered in Pittsburgh, Pennsylvania.

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tically in the wind, and glistens gloriously in the sun.

In the olden days when Hungary was a proud, creative, industrious nation of free men, all of the princes, potentates, musicians, soldiers, scouts, and athletes wore plumes of *Árvalányhaj* affixed to their hat bands. *Árvalányhaj* stood tall above the crown of their hats, shining in the sun, and waving in the wind. The proud Hungarians wore *Árvalányhaj* as a symbol of their national freedom.

This rare and beautiful grass grows only on the steppes of Hungary. Its meaning as a symbol relates to a legend famous and popular among Hungarian people since the founding of their nation.

A Promise Given

This legend has it that Arapid, the second of their princes and the mightiest of their hunters, rode alone one evening on the hunt. He went further into the deep woods and high hills than any of his tribesmen had ever ventured. As the sun was about to set and Arapid had decided to end his hunt, he heard a scream from over a nearby rise. He galloped in the direction of the scream, reached the rise, and looked into the glade below. There he saw a beautiful girl. Her long blonde hair was entangled in a thornbush. She could not escape. She was about to be attacked by a ravenous wolf from across the glade. Arapid pulled an arrow from his quiver and fixed it in his bow. He drew long on the strong bow string. As the wolf mounted his last leap and lunged, the arrow sped straight and true. It pierced the skull of the wolf which fell dead at the feet of the girl.

Arapid rode his white steed to the girl's side and loosened her from the thornbush. He asked why she was in the woods. "I live in the woods alone," the little girl replied. "My parents are dead, my name is *Árvalány*" (orphan girl). The girl explained that she lived at peace with all of God's creatures except the wolf. She thanked Arapid for saving her life and said she would repay Arapid by using a special skill she possessed. She explained that before her parents died they had endowed her with the rare gift of being able to foretell the future. If Arapid would ask her a question, she would tell him the answer rightly no matter how far into the future the question related.

Because of the difficulties his people had encountered in crossing two continents and because of the tribulations they had overcome, the driving question in the mind of Arapid which he posed to the orphan girl was: "*Árvalány,* how long will my people live in the land

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we have come to love?" Legend claims that *Árvalány* spun on her heels and her blonde hair flashed in the sun. She asked the Prince to seize and with his sword to cut off the locks of her long golden hair. After first protesting, the Prince finally followed *Árvalány's* command. She turned, took her own hair and tossed it into the air. A mighty gust of wind came off the highest mountain and seized the locks. Her hair was tossed and tumbled, and scattered wide over the plains of Hungary. Wherever it fell it took root and turned into a plumy grass. *Árvalány* turned to Arapid and said: "So long as *Árvalányhaj* (orphan girl's hair) grows here in the valley of Godollo, your people shall live in the land they love."

For many long decades the people of Hungary proudly wore *Árvalányhaj* on their hats as an EMBLEM OF FREEDOM.

Árvalányhaj still grows on the plains of Hungary and nowhere else on earth.

Sadly, the people of Hungary no longer wear *Árvalányhaj* as a salute to freedom for they have lost their freedom.

The beautiful legend, once known to every Hungarian, is now unfamiliar to many of the children of Hungary. For those who know the legend and hope to see *Árvalányhaj* again worn by freedom-loving Hungarians, it remains a reminder that man's most precious possession – Freedom – can be lost!

IDEAS ON LIBERTY

The Spirit of Liberty

THE SPIRIT of liberty is the spirit which is not too sure that it is right; the spirit of liberty is the spirit which seeks to understand the minds of other men and women; the spirit of liberty is the spirit which weighs their interests alongside its own without bias; the spirit of liberty remembers that not even a sparrow falls to earth unheeded; the spirit of liberty is the spirit of Him who, near two thousand years ago, taught mankind that lesson it has never learned, but has never quite forgotten; that there may be a kingdom where the least shall be heard and considered side by side with the greatest.

JUDGE LEARNED HAND
From an address, May 31, 1944

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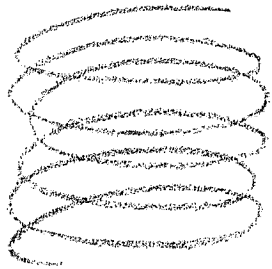
INFLATION:
a tiger by the tail

HENRY HAZLITT



WHAT is the present outlook for inflation in the United States?

In trying to answer that question it is well to begin by reminding ourselves of how long we have been having inflation and how far it has already gone.

We started to depreciate our money officially, so to speak, in 1933, when we not only suspended gold payments but prohibited our citizens from owning gold. Then in 1934 we devalued the dollar in terms of gold by 41 per cent.

So far as the movement of prices is concerned, however, the most convenient benchmark to take is 1939. The average prices that consumers pay in the United States today are 167 per cent higher than in 1939. Putting this in another way, today's dollar has only as much purchasing power as 37 cents had then.

Some people are trying to take comfort from the fact that the annual rate of price rise, on the official index, is still slightly less than 6 per cent a year. Is that worth worrying about?

I think it is. Let me quote an excerpt from a calculation made in its bulletin of August 26, 1969, by S. J. Rundt & Associates, a leading consulting firm on international monetary affairs:

> An American who starts to work at 18 and who must live with 5.5 per cent per annum inflation will see prices double before he is 31. And he will see prices doubled for the third time in his adult life ahead of his 57th birthday. And if a healthy constitution and modern medicine keep him going, he will see prices doubled for the fourth time prior to age 70. In other words, when he reaches 70 he will have to

Mr. Hazlitt is the well-known economist and financial analyst, columnist, lecturer, and author of numerous books.

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pay 16 times as much for whatever he buys as he did when he started out in gainful life. His greenback will have shriveled to 6¼ cents, or by 93.75 per cent.

If we carry this calculation on to the young man's 83rd birthday, prices will have doubled once more; he will have to pay 32 times as much for equivalent goods and services as he did when he took the first job; his dollar will have shrunk to a mere 3⅛ cents.

The only trouble with the foregoing calculation is that it is already outdated. Prices have recently been rising at an annual rate close to 6 per cent. At such a rate prices would double every 12 years instead of every 13.

How It Began

How did our present inflation get started? And how did we get to the point where we are? Our inflation came about, to put it briefly, because for 30 out of the past 38 years the Federal government has been spending more money than it has taken in in taxes, and has paid for the difference by printing irredeemable paper money. At the end of 1939, the nation's stock of money, as measured by currency in circulation and demand bank deposits, was $36 billion. Today it is $200 billion, almost a sixfold increase.

Inflation is caused, always and everywhere, by an increase in the stock of money and credit in excess of any increase in the supply of goods and services. The five- or sixfold increase in the supply of money in the last thirty years might have resulted in something like a five- or sixfold increase in prices if it had not been for a substantial increase also in the production of goods and services in that period. The official index of industrial production has increased more than fourfold in that period. This is the main reason why the increase in prices was not as great in that period as the increase in the stock of money.

In trying to forecast the probable future of inflation, it is important to keep in mind that this inflation is not something confined to the United States. In the same period, most countries have inflated even more. Though the American dollar at the end of 1968 bought only 83 per cent as much as it had ten years before, the German mark bought only 80 per cent as much, the Swiss franc only 76 per cent as much, the British pound only 74 per cent as much, the French franc only 69 per cent as much, the Japanese yen only 62 per cent as much, the Chilean escudo only 11 per cent as much, the Argentine peso only 7 per cent as much, and the Brazilian cruzeiro only 2 per cent as

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much. The reader can imagine what this has meant in economic distortions and disruptions and in personal tragedies.

Government Policies

Let us come back to the point that inflation, always and everywhere, is caused by the policies of governments, not of private individuals. It is brought about directly by governmental monetary policies, and indirectly by government fiscal policies. Why do governments launch such policies?

Usually they do so by default, most often by getting into a war. The great chronic inflations of this century were triggered by World War I and then World War II. A government at war has to increase its spending suddenly and enormously; it usually lacks the courage to increase taxation correspondingly; in fact, it usually regards such a course as impossible. It usually also decides that it cannot even issue bonds to be paid for out of savings to finance the difference between its expenditures and its revenues. So in effect it finances its deficits by printing paper money. The inflation is then on. Prices soar.

But when the war is over, the country does not go back to its previous lower level of spending. One reason is that prices have soared; all government services cost more. Another reason is that vested interests have already been established in favor of continuing and even increasing the wartime level of spending. Still another reason is that there is great fear, however unjustified, that if the budget is now overbalanced by cutting back expenditures, and a surplus develops which is used to pay off accumulated national debt, it will precipitate a deflation, with terrible consequences in bankruptcies, unemployment, and depression.

In brief, vested interests are created in a continuance of inflation. Theories grow up rationalizing and glorifying inflation. From the middle thirties to the middle sixties these theories were typically represented by Keynesianism.

The theories differ in detail, but broadly they run something like this: When there is depression or unemployment it is because people do not have enough "purchasing power," or do not spend enough even of the money they have because they think prices are going to go still lower. If the government runs a deficit and prints more money, this will increase demand for products and therefore increase employment. This will not bring on "true inflation" if the additional money is not issued in too great amount; but even if it does increase prices, this will in-

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crease profit margins and so stimulate more production and more employment.

Now these theories combine multiple fallacies with some element of truth. When there is stagnation and unemployment, it is nearly always because there is some lack of coordination between prices, wages, and other costs. The appropriate remedy is to restore this coordination, usually by a lowering of certain key costs, such as wage rates, in relation to final prices. Under today's conditions, the resistance of powerful labor unions tends to make it "impossible" to lower wage rates. So the only apparent remedy is to increase prices.

Stimulative Effects in the Early Stages of Inflation

In its early stages inflation does precisely this, and so tends to restore demand, prices, and profit margins, and hence employment and production. This is the element of truth in the theories that inflation is necessary or desirable. It is this stimulative effect that makes inflation initially popular. But this is only the early effect of the first "dose" of inflation. When business activity is restored and full employment is restored, costs begin to catch up again, or even once more race ahead of final prices. The price of raw materials rises. Unions demand higher wages – including both "cost of living" increases and "productivity" increases. Soon profit margins are reduced again or even wiped out in certain lines, and there is a demand for a second dose of inflation.

It is particularly instructive to study what happens to interest rates. Whenever business is slack, governments are under great pressure to keep interest rates down, to "encourage borrowing." There is apparently a simple way to do this. Interest is the money paid to borrow loanable funds. It seems to the government that the simple way to reduce interest rates (and hence, it is argued, to reduce costs of production) is to increase the supply of loanable funds by increasing the supply of credit and paper money. And for a while this may indeed reduce interest rates. But soon another consequence follows. As a result of the increased supply of money and credit, prices rise. Let us say that as a result of an increase in the stock of money by 5 per cent, prices rise about 5 per cent. Then businessmen will have to borrow 5 per cent more than they did before in order to do the same volume of business. Hence, the demand for money will increase 5 per cent, so catching up with the 5 per cent increase in the supply

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of money; and as a result interest rates will tend to go higher again.

Pressure for More Money

Then there will be political pressure for a second dose of inflation, say another 5 per cent increase in the supply of loanable funds, to bring interest rates down again. This will have the result also of increasing prices of commodities and of increasing the demand for borrowed money, once more raising interest rates, and leading to pressure for a third dose of inflation to get them down again; and so on.

(To simplify the exposition, I have been assuming here that prices will increase roughly in proportion to increases in the money stock. Of course, in the earlier stages of an inflation this is unlikely to happen. Because of increasing annual production of goods and services, and for other reasons, the average of prices is likely to go up less than the stock of money is expanded. But for the moment we can ignore such qualifications.)

But there will now also be an additional effect. Suppose, as a result of an annual dose of inflation of about 5 per cent a year for the past few years, prices have been rising at a rate of 5 per cent a year. Then a lender, asked to lend his money at an annual rate of 5 per cent, will say to himself: "Why should I? Even if the loan is safe, and I get my principal back a year from now, it will probably be worth some 5 per cent less in purchasing power than it is worth now. Therefore, I am in effect being asked to lend my money at a zero rate of interest."

So on top of his regular interest the lender will want what is called a price premium to compensate him for rising prices. This is the reason why interest rates have now soared in this country to the highest levels since the Civil War. If prices have risen nearly 6 per cent in the last twelve months and are expected to rise as much in the next twelve months, and so on indefinitely, then even a lender who is getting 9 per cent on his money figures he is getting a real interest of only about 3 or 4 per cent net.

40 Per Cent Loss in Seven Years

Let me cite just one concrete illustration, from the December, 1969, letter of the First National City Bank of New York, of the combined effect of rising interest rates and depreciating money so far: "The market value of the U. S. Treasury 4¼s of 1992/87, issued only seven years ago at the highest rate permissible under the legal ceiling, has dropped since

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then by about 30 per cent. After allowing for the loss of the purchasing power of the dollar, the real loss suffered by anyone who bought the bonds when they were issued is somewhat over 40 per cent."

What happens to interest rates is merely an illustration of what tends to happen throughout the economy. If commodity prices have been rising at an annual rate of nearly 6 per cent, and people expect them to continue to rise at that rate, then everybody tries to compensate; everybody tries to adjust his interest, rents, prices, and wages accordingly. Individual workers, and especially unions, if they expect a 6 per cent annual rise in consumer prices, will ask for a 6 per cent annual "cost of living" rise in wages to compensate. They will want this on top of any "productivity" or other increase to which they otherwise think themselves entitled. Thus, costs of production will rise as fast as prices, if not faster. Real profit margins will not increase. There will be no expectation of any real increase in profit margins. In brief, a constant rate of inflation will cease to have any stimulative effect on business — on buying, production, or employment.

This applies not only to an inflation of a "mere" 6 per cent a year. It applies just as much to any constant rate of inflation whatever — 10 per cent, 50 per cent, 100 per cent a year.

Higher than Expected

We arrive, then, at the general principle that *any rate of inflation that is generally expected has no stimulative effect on the economy,* even if the expectation continues to be fulfilled. For an inflation to have a stimulative effect, it must be *unexpectedly* high; the rate must come as a surprise to the business community, so that it is not already discounted in current prices and costs. This is almost equivalent to saying that the rate of inflation, if it is to continue to have a stimulative effect, must be accelerative. But we finally arrive at the paradox that even an increasing rate of inflation will have no stimulative effect if the acceleration itself is generally expected; it must always be *greater* than what is generally expected, no matter how high expectations may be.

And if the rate of inflation is suddenly less than has been generally expected, the result is likely to be a crisis followed by a recession. This is true at any level of inflation. It will be true if the expected rate of inflation is "only" 5 per cent but proves to be zero.

It is important to understand just why this is so. The business

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community (and in this term I include not only producers but consumers) is always operating on expectations. These expectations at any moment are built into existing prices. An obvious and outstanding example is the stock market. The existing price of any stock does not merely reflect its present yield or the company's present earnings per share; it reflects what the company is expected to earn and what the stock is expected to be worth in the future. The prices of all basic commodities on the speculative markets – wheat, cotton, copper, silver – reflect foreseeable or expected *future* conditions of supply and demand. The present price of land and houses reflects not only the existing inflation, but the expected *future rate* of inflation – what buyers and sellers expect the state of inflation to be a year, two years, twenty years from now. So if something happens to bring even a 5 per cent annual rate of inflation to a halt – or if it is expected very soon to come to a halt – buying will suddenly fall off, prices will drop, unemployment will rise, and we will find ourselves in a mild or severe crisis.

I must mention still an additional factor to be considered. All businessmen must constantly plan ahead. A typical retail haberdasher may need to plan only six months ahead – for example, to order from the wholesaler in the spring the clothes he wants to stock in the fall. But a manufacturer may need to plan his output, both in kind and in quantity, a year or two years ahead. A builder or a manufacturer deciding whether to expand his plant may need to plan three to five years ahead. And so on.

All these investment plans call for a present outlay of money to be recouped, hopefully with a profit, at the completion of a certain period. Nearly all plans made during an already prolonged inflation are consciously or unconsciously based on the assumption of the continuance of this inflation. If this assumption is disappointed, there will be widespread losses, bankruptcies, and unfinished projects; and, of course, unemployment.

Attempts to Compensate

One further point must be made about the role of expectations. In the early stage of any long-term inflation (and this stage may persist for several years) the rise in prices does not keep pace with the increase in the money stock, because most people do not regard the rise in prices as permanent. In the middle stages of inflation, people begin to assume first that the past price increases are per-

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manent and then that the past *rate* of price increase is likely to continue into the future. They therefore try to make compensating readjustments. But these widespread efforts to make protective readjustments (demanding higher wages, higher interest, higher rents, borrowing more, buying in advance, and so forth) tend in themselves to increase the rate of price increase still further.

This explains why it is an illusion to assume, as so many inflationists have done in the last decade or two, that some uniform "moderate" rate of price rise – 3, 4, or 5 per cent – can be kept going year by year indefinitely by some uniform corresponding increase in the money supply or other means. It is not merely that the expectation of such a price rise will lead speculators, investors, entrepreneurs, workers, lenders, borrowers, consumers, and so on to try to anticipate it, thus destroying any stimulative effect, but that these countervailing and cost-raising actions by private individuals and groups will put political pressure on the government and the monetary managers to increase the rate of inflation to prevent unemployment and depression.

As soon as it is recognized that the past rate of inflation has been accelerative, expectations arise that they will continue to be accelerative. Still further compensating reactions by individuals take place. This is still another reason why it is so hard to stop a long-term inflation. Even if the monetary authorities halt the increase in the money supply, price advances will tend to go on for a while.

The Impact Is Uneven

I must confess at this point that, in order not to introduce too many complications at once, I have been indulging in a dangerous oversimplification. This is to talk in terms of aggregates and averages – an aggregate increase in the money supply, an average increase in prices of such-and-such per cent. Discussion in such terms can be grossly misleading if it involves the tacit assumption (as it sometimes does) that everybody is affected in the same proportion, or that all prices rise simultaneously and by a uniform percentage. One of the chief consequences of any inflation, on the contrary, is the wanton way in which it redistributes wealth and income.

The new credit or new money is always paid out first to certain specific groups, increasing their income; it is spent by them in turn to other specific groups, and these in turn deal with still other

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groups, until the new money has percolated through the whole community. The groups to whom the money goes first are benefited most; those to whom it comes last are hurt most.

But the point at which the new money enters the economy also affects the balance and structure of production. In an analysis published in 1931, *Prices and Production*, F. A. Hayek pointed out that an increase in the money supply made available to entrepreneurs through increased bank credit would at first cause an increase in the demand of capital goods in relation to consumer goods, and hence would raise the prices of capital goods in relation to those of consumer goods. This would lead to an expansion of the capital goods industries in relation to the consumer goods industries. But the same annual rate of increase in the money supply would have to continue in order to maintain this new relationship. In fact, in order to bring about any further relative expansion of the capital goods industries the new money or credit would have to increase at a constantly increasing rate. And if the original monetary inflation were not annually continued at at least the initial rate, there would be a reversal in the price relationship of capital goods and consumer goods, bringing on a relative forced shrinkage in the capital goods industries, leading to depression.

The Addict's Dilemma

So this is the dilemma that inflation finally brings us to. We have a tiger by the tail. If we try by inflation to keep the economy at a constant peak of full employment and expanding incomes we *must constantly increase the pace* of inflation, with a day of crack-up and collapse inevitable in any case; and meanwhile even a galloping inflation may be accompanied by bankruptcies and unemployment. If we stop or even substantially slow down the inflation, we are certain to disappoint expectations; we may face price declines, insolvencies, unemployment, and at least a mild crisis.

But this does not mean that we should continue inflating. We should stop the inflation as soon as we can, and face the possibility of an immediate but relatively mild crisis to prevent far greater evils later on. Inflation has been sometimes compared to a drug. The comparison is even more apt than is imagined by most of the people who make it. When a youth takes a drug that he doesn't need in the first place, he has to take larger and larger quantities of it to experience the same lift or "high" — with increasingly de-

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moralizing consequences. But if he tries to halt, he may experience agonizing withdrawal symptoms.

The Outlook

What is the actual outlook today? This is in any case difficult to say, and any forecast might be outdated by the time this appears in print. Powerful forces are operating in both directions. The Federal Reserve Board, compared with the recent past, has been following a policy of severe monetary restraint. As a result, the stock of money in the country, consisting of demand deposits plus currency held by the public, increased from December to June at a 4 per cent annual rate, and from June to the end of October was practically unchanged. In comparison, money grew at an annual 7 per cent rate in the previous two years.

In addition to this record of monetary restraint, the unified Federal budget for the fiscal year 1970 has been planned to yield a surplus (though it may not be achieved) of as much as $6 billion.

On the other hand, as soon as one result or accompaniment of monetary restraint was a slight increase in unemployment, the Nixon Administration came under sharp criticism. It remains to be seen whether the administration will be able or willing to hold to its course in restraining inflation.

Congress has been recently voting increases in expenditures and reductions in taxes. The political pressures for continuing inflation are still enormously greater than the pressures for stopping it.

IDEAS ON LIBERTY

Astronomical Inflation

INFLATION may be troubling us Earthlings, but now it has taken on a deep space aspect. According to the National Research Bureau, back in 1891 a French widow allegedly left 100,000 francs (then worth $20,000) to the first man to set foot on a heavenly body.

Astronaut Neil Armstrong is theoretically in a position to collect, but thanks to the inflation in France over the decades, that once-munificent sum now has a purchasing power equivalent to $180.

Had an American widow made the same $20,000 bequest it would have suffered quite a severe shrinkage, too. Today it would have a purchasing power equivalent to $4,180.

RICHARD H. MILLER
From the October 1969 issue of *Brevits* issued by Vance, Sanders & Company, Inc.

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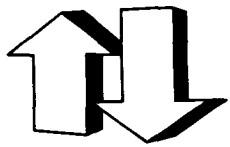
INFLATION:
what it means



WILLIAM B. BOYD

INFLATION is one of the most abused and misused words in the English language – a word that is on everyone's lips, yet a word which few bother to define. It has several meanings and most people – even professional economists – use them interchangeably, sometimes within the same paragraph. How can we possibly discuss and reason about a thing whose meaning has not been established? So our thinking is muddled, a Tower of Babel situation has developed, and in our confusion we are fumbling around trying to alleviate results, rather than trying to find and eliminate the cause. This is having a most injurious effect upon our society, undermining our economy, destroying our money, and threatening our liberty – a very serious situation.

Mr. Boyd, a businessman in Fairfield, Connecticut, also is interested in the Fairfield Country Day School where he recently presented these views on inflation to students of the 9th Grade.

So, it is my purpose to see what can be done to set us thinking straight about this matter, to bring some order out of the chaos. Specifically, I shall define inflation so that we'll know what we're talking about, show how it works and what it does, trace it back to its cause, and finally suggest a cure. This is a very ambitious undertaking – maybe too ambitious – but worth trying if it sets you thinking.

First, what is inflation? Its basic meaning is a swelling up, a blowing up, a puffing up, an increase, an expansion. In its economic sense the word is used with at least five different meanings:

(1) Any increase at all in the supply of money (money in the broadest sense, which includes credit).

(2) An increase in the supply of money (again in the broadest sense) that outruns

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the increase in the supply of goods.

(3) An increase in the average level of prices – that is, any wide or general increase in prices.

(4) An increase in the prices of widely used goods – such as steel or lumber or oil or foodstuffs.

(5) Any boom or period of intense business activity or prosperity.

The best of the lot, because it is precise enough not to cause confusion and still simple enough to be widely understood, is number 2 – an increase in the supply of money that outruns the increase in the supply of goods.

Empowering the Federal Government to Cause Inflation

Now, using this definition, who or what organization can increase the supply of money? You know the answer: in our country the only organization allowed to manufacture money is the Federal government. Therefore, the Federal government is the only force that can cause inflation. If anyone else manufactures money, it is called counterfeiting. Counterfeiting in principle is the same as inflation; but counterfeiting is illegal, and cannot be done on as grand a scale as inflation.

The effects of inflation are very bad. It causes a drop in the purchasing power of our money – which is another way of saying that it raises prices. But goods and services are not becoming more expensive; it is our money that is becoming cheaper.

Now this process of pumping more money into circulation does not cause prices to rise evenly or all at the same time; inflation never affects everybody equally and simultaneously. If it did, its effects would cancel out. Inflation begins with some particular group. Say the government puts more money into circulation by paying defense contractors or by increasing subsidies to farmers. The incomes of those who receive this money go up first. Those who begin to spend the money first buy at the old price levels. But their additional buying begins to force up prices. Those whose money incomes have not been raised are faced with paying higher prices than before, that is, the purchasing power of their incomes has been reduced. Eventually, through the play of economic forces, the money-incomes of most of them may be increased. But if these incomes are increased either less or later than the average prices of what they buy, they will never make up the loss they suffered from inflation. So a few people gain at the expense of all the rest

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of us. The hardest hit are retired people and widows trying to live on the shrunken incomes from pensions, social security, or the interest on savings.

Furthermore, inflation reduces the value of ordinary savings, such as savings bank deposits, life insurance, and bonds. This reduces our incentive to save. "Spend now while your money will still buy something," becomes the mode. Thus, people are lured into extravagance and speculation.

Inflation deludes businessmen as to the amount of capital available and as to the demand for goods. The signals (prices) have been falsified and businessmen therefore miscalculate and make bad investments of scarce capital. These bad investments will later have to be liquidated. This is called a recession or a depression.

Inflation upsets the relationships of goods (prices) and services (wages) to one another, setting group against group, class against class. Those who have suffered loss resent those who profited from inflation. Even the moderate gainers envy the bigger gainers. People see that the new distribution of income and wealth that goes on during inflation is not the result of merit, effort, or productiveness, but of luck, speculation, or political favoritism.

In the end, if it is kept up, inflation destroys our money and creates financial chaos in which our liberty is lost – that is, it brings oppressive government controls of wages, prices, and the use of our property.

Deficit Spending and Monetizing the Debt

Well, you may ask, if the results of inflation are so bad, why does our government inflate? The men in government manufacture money to pay for the costs of their programs which run beyond what they dare collect from us in taxes. The terms for this operation are "deficit spending" and "monetizing the debt."

What are these programs that are costing so much money? Here are some of them: putting a man on the moon, developing a supersonic transport plane (which would probably be used mainly by the jet set), paying for surplus farm products to keep their prices up, subsidizing our merchant marine in order that the shipowners can afford to pay the high wages demanded by the maritime unions, rebuilding cities, paying for people to go to school and college, free medical care for the aged, slum clearance, relief, public housing, fighting so-called poverty, unemployment compensation, social security, foreign aid, and – most expensive of all – waging war.

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Why doesn't government cut out or cut down on some of these programs? Each program is popular with some people, they now have a vested interest in it, and the politicians fear that if they cut programs they will lose votes.

So, the cause of government deficit spending and the consequent inflation is the pressure of various groups to get from government special favors and privileges for themselves (this is unintelligent selfishness) and the attempts of other groups to solve the problems of the poor and the unfortunate by using the force of government (this is false philanthropy). Unintelligent selfishness and false philanthropy are based on the theory that everything can be accomplished through the use of force by the state and this use of force is justified by claiming that it is done by democratically-elected politicians for a noble end – "the public good" – or "the greatest good for the greatest number."

The people in government want to stay in office. For this they need votes. So they want to be good guys and do everything for everybody. Since the end of World War II, they have been pursuing three goals which would seem to be mutually contradictory: (1) constantly rising wages, (2) full employment, and (3) stable prices.

Incompatible Objectives

It does not seem possible that all three of these could be achieved at the same time. If government tries to have constantly rising wages (regardless of productivity), full employment is impossible unless prices can be increased to cover the increased costs; but then more money must be pumped into the economy to enable consumers to pay the higher prices. So, in reality, we would be giving up the goal of stable prices and engaging in a continuous inflation.

On the other hand, the combination of constantly rising wages and stable prices would soon bring on unemployment, while the combination of stable prices and full employment would mean the end of the constant annual "rounds" of wage increases, regardless of productivity. But as matters are, union leaders would never stand for this. So government tries to achieve constantly rising wages and full employment by means of inflation and then tries to maintain stable prices by means of controls. This is like stepping on the accelerator and the brake pedal at the same time. And it always ends in disaster.

Yet, there is a cure for inflation and a way in which the three goals of rising wages, stable prices, and high employment could be achieved, provided these goals

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are reasonably defined or interpreted. This way is through the restoration of a sound currency and a genuinely free economy. This means that our money must be tied to gold and that our government must be strictly limited to its proper functions of securing our lives, liberty, and property from violence and fraud and of administering justice in accordance with an objective code of laws.

The chain of cause and effect, in which inflation and its consequences are links, begins with the false ideas of statism: that all things are possible through the use of force by government. Since ideas precede and determine actions, it is no use trying to change results far down the line without first entirely exploding the original ideas from which all the other ideas and actions stem. Therefore, the cure for the ills we have been discussing must begin with the refuting and discarding of the ideas of government interventionism and the replacing of these with an understanding and acceptance of the sound ideas of freedom – the free market, private property, limited government philosophy. This requires that we sharpen our minds and discipline our thinking. For man's only weapon in the fight against error and for the truth is reason.

IDEAS ON LIBERTY

Like an Oak Tree

AS AN OAK gathers what it needs by means of its roots and branches, so must we gather what we need by means of our five senses – *seeing, hearing, touching, smelling,* and *tasting.* As we feed our bodies by means of physical food and drink, so must we feed our minds by means of knowledge and facts gathered by our senses.

Everything that we are, everything that we hear, everything that we smell, touch, or taste, makes us stronger or weaker mentally. By associating with people who are ambitious, industrious, loyal, and neighborly, we become ambitious, industrious, loyal, and neighborly.

As the dyer takes the color of the dye in which he works, so do we change and become like the persons with whom we associate.

From the *Curtis Courier* of December 1969, edited by Thomas Dreier

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THE INVISIBLE HAND

IN A RECENT U.S. History lecture, one of our professors made what seemed to be a scornful reference to Adam Smith's "invisible hand." His intention seemed to be to discredit a 420-page treatise on economics by quoting one metaphor! The context in which this oft-quoted metaphor appears in Smith's writing is his exposition of the theory that if each person pursues his own good, the good of society as a whole will result.

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society....

He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.[1]

How does this good result? Why, through the law of supply and de-

Miss Nichols is a student at the University of California at Davis.

[1] Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations.* (Chicago: Encyclopaedia Britannica, Inc., 1952. Vol. 39, *Great Books of the Western World*), p. 194.

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mand, another concept which many pedagogues would have us believe is "outmoded." In a free economy, when demand for a product increases, the price goes up, capital is attracted by the prospect of profits, production is increased, the price eventually goes down again as supply fills demand. What Smith wanted to stress is that all this happens *automatically* without the need for central planning. Indeed, central planning only hampers the process.

Regulating Bodily Functions

Consider your own body, as an analogy. Every minute that you live, your chest is acting as a bellows to fill your body's demand for oxygen, your heart is pumping blood throughout your tissues to distribute oxygen and nutrients, your nervous system carries messages to muscles and glands without your conscious knowledge, biochemical mechanisms determine what substances are to be filtered out by your kidneys, and so forth. All of this goes on *automatically* so as to keep your system in a state of dynamic equilibrium. It is the result of natural processes.

Suppose *you* had to regulate your body's functions. Do you think you could remember how many times a minute to breathe while telling your heart how fast to beat? Would you know when to tell your pyloric valve to open? Could you decide how much corticotrophic hormone the anterior lobe of your pituitary ought to secrete at any given time? No, admittedly you could not. Your body is too complex, and as it is, you can hardly get your automobile to the service station before the gas gauge registers empty or remember to get the oil changed on schedule.

And yet, there are many people who believe that a single brain or a collective brain sitting in the White House can regulate the economy of the United States, which is every bit as complex as the human body. Imagine trying to regulate satisfactorily the daily purchases of 200 million people and setting the wages of a labor force of 80 million people and determining the production of 11 million business units! If *you* had that job, how would you do it so that everyone got what he wanted and nobody was victimized?

Leave It Alone!

The only correct answer would be to do nothing, *leave it alone,* and let the natural processes of supply and demand do the job. Just as it sometimes happens that a patient's condition can be worsened by the chronic reliance on too many pills of too many varieties, so has our economy been

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sickened by swallowing the pills of tariff, subsidy, price regulation, compulsory insurance programs, inflation, urban renewal, farm programs, rent controls, a plethora of taxes, and so forth, ad infinitum, ad nauseam. If we want our patient to recover, we are going to have to take his pills away from him, regardless of his neurotic dependence on them. Fortunately, as long as our patient is still alive, we know that his bodily processes are going on, even though distorted by his unwise self-doctoring. Just so, to the extent that our economy is functioning, it is doing so on the basis of natural processes carried on by individuals working, trading, and seeking their own welfare, regardless of the distortions brought about by government intervention. The law of supply and demand has been violated many times, but to my knowledge, it has never been repealed!

IDEAS ON LIBERTY

No Plan

EVERYWHERE you look in American history, you find examples of things seeming to happen by accident – without intention. Americans had no over-all plan. They had something more important. They had personal freedom to plan their own affairs; and the avalanche of human energy resulting from that freedom swept from the Atlantic to the Pacific, from the Great Lakes to the Rio Grande.

In 75 years, within a man's lifetime, France and Russia had vanished from the continent. England had been pushed back on the north; Spain had yielded the Floridas, New Mexico, Arizona, California, and Texas. The whole vast extent of the country had been covered by one nation, a tumultuous multitude of free men – men of heterogeneous races and creeds – living under the weakest government in all the world. The people who had been left to shift for themselves – who had learned the lessons of realism and learned them the hard way – were creating a new world and carrying forward the revolution which was beginning to shake the foundation of the Old World.

HENRY GRADY WEAVER, *The Mainspring of Human Progress*

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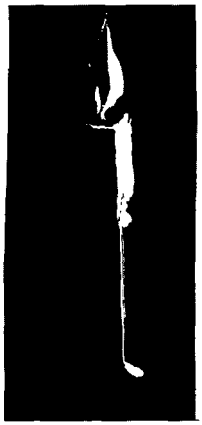

Brighten the Corner

Two sermons delivered by the Reverend WILLIAM L. EDELEN *from the pulpit of Plymouth Congregational Church in Wichita, Kansas, October 19, 1969. Mr. Edelen serves there as Director of Adult Education.*

Children's Sermon: ABOUT FEEDING BEARS

I'VE DONE lots of camping in Yellowstone and the Grand Tetons, and I want to tell you a true story about the bears in Yellowstone that a park ranger told to me.

He said that every year, after tourist season is over and the cold winds and snow come, bears die by the dozens by the side of the roads, and the rangers have to come and carry them off and bury them.

Do you know why they die?

They are still waiting for the handouts from the tourists – the cookies, the candy, the bread – but the tourists have gone, and no more handouts. And they sit and wait by the road for the food that is not to come, and they die there.

For they have forgotten something, through the generations of bears that have been doing this. They have forgotten how to prepare for winter, and how to dig for themselves, and how to go into the woods and eat what they have to eat and do what they must do to survive the winter. They have become so used to being fed from the road – with all the free handouts.

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This can happen to people, can't it?

There are some things in life that can't be borrowed, that can't be given to us. No one can prepare your mind for you, or study for you. No one else can develop your talents for you, whatever your talents are. No one can do your praying for you, or develop your relationship with God for you. No one can do your daily work for you.

The most important things in life you must do for yourself – and dig, and prepare, and work.

And to sit idly by the side of the road and wait and wait and wait for your parents to give things to you, or your government, or your church – for someone to give to you things that can't be given – is to die, even as the Yellowstone bears!

Adult Sermon: BRIGHTEN THE CORNER

THE ILLUSTRATION from a recent magazine adequately sets our theme. The scene is the Board of Directors meeting room of a large corporation. At the head of the table the president of the company is on his feet. All the Board members are looking benignly in his direction. The president is pounding the desk, ranting and raving, and he says this:

> We have to serve the public, and give the public what it wants, *even if we have to shame them into it.*

Even if we have to beat them over the head. Even if we have to embarrass them. Even if we have to humiliate them, shame them, intimidate them. We're going to *serve* them, even if it kills them.

The history of mankind reeks with *this* kind of tyrannical service to mankind – coercion, tyranny – that goes under the prostituted name of service to mankind.

One hundred years ago there was a Russian landowner named Petrashevsky, who said this:

> Finding nothing worthy of my attachment either among women or men, I have vowed myself to the service of mankind. In other words, not being able to find any man or woman worthy of my friendship, I will now serve all mankind as a whole.

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You can imagine what kind of service this man gave.

Some of the worst tyrannies of our day are pledged to the service of mankind, and function by pitting neighbor against neighbor. The communist service to mankind is to foster revolution. Czechoslovakia is being served, no doubt. We're going to *serve* mankind even if we have to kill them in the service. We're going to *save* mankind. *Service* and *saving* often go together, you will notice, when you have doctrinaire despotism – or tyranny in the name of service. We have many groups that are going to save and serve mankind, even if it kills mankind. This is classed as "service to the lost," the *lost* always being those who view life differently from the one who is *saved.* The saved are always going to serve the lost.

The "Chosen" Ones

The worst tyrannies of history have been committed under this motivation. Practically every age of history has always known what is called "a chosen group." The pride in being chosen can very easily make the transition to tyranny to convince those not chosen that the chosen are chosen. We will show you we're chosen even if it kills you. The chosen always want to serve and save everyone else. There are always those around who claim to be chosen: a chosen nation, a chosen race, a chosen religion, a chosen church, a chosen party, and on and on into the night.

The attitude that one is a member of a chosen group fosters much of man's inhumanity to man. Cromwell first said it: "I beg you, in the name of God, think that you may be mistaken." Our church fathers, John Calvin and Martin Luther, were not above serving and saving mankind through slicing off a few heads – literally, that is. As Jesus put it: "The hour will come, always, when whoever kills you will think he is serving God and man. They do this and only prove that they know neither God or man."

The hour will come when whoever kills you, with bodily murder, mental murder, spiritual murder, national murder, emotional murder, murder of dignity, will say he is doing it in the name of God.

Martin Luther was going to save and serve mankind even if he had to kill to do it. Luther was going to save people and serve mankind, and so he lashed out at the people with words of unmatched ferocity. Luther said this to aristocrats, and I quote him directly: "Let there be no half measures; cut their throats, transfix them, leave no stone unturned; to kill a rebel is to destroy a mad

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dog." And then Luther told his aristocratic patrons: "A prince can enter heaven by shedding of blood more certainly than by means of prayer."

Marxism started out, too, as a movement to save the people, to serve the people. We have only to ask, "What is the real condition of the people being 'saved' and 'served' in those areas controlled by the Marxist movement?" The German philosopher, Nietzsche, feared that the people would turn history into a shallow swamp, and it has been said that Hitler was more influenced by Luther and Nietzsche than any other Germans until he, too, wanted to save and serve people by giving them a master race and killing all who stood in his way. In the book, *The Rise and Fall of the Third Reich*, William L. Schirer says that had Calvin and Luther had at their disposal the powers and instruments of coercion that Hitler possessed, they would have used them.

The Many Faces of Despotism

Despotism can come individually, nationally, racially, religiously, collectively. Despotism can come in all forms and all shapes and all sizes. There are various degrees of fanaticism and tyranny. Fanatics can always justify hatred and cruelty as *service* to God and man, regardless of the perversity of the crime or offense. As our Biblical text says: "The hour will come when whoever kills you will think he is offering a service to God. They will do this because they have not known God."

Does it not seem amazing to you how many saviours and servants of the world hate people – how many who hate people are going to serve them by killing them – in order to make the ideal society? The ideal always, of course, their *ideal*. Their ideal being a perfect German society, white society, Gentile society, American, English, democrat, republican, socialistic, Lutheran, Church of Christ, Jehovah's Witnesses, Roman Catholic. And on and on and on into the night, where blood runs deep, having been released by those who want to serve and save mankind – who want to save the lost, the lost always being those who hold different views of life. In Belfast today the Roman Catholics are going to save the people, and the Protestants are going to save the people, even though they totally destroy each other in the process.

It is easy to get discouraged with the concept of service to man. We read of the population explosion forecast where people are going to run over the earth in the multibillions – just masses and masses of flesh. We lose perspective, we lose the concept of serv-

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ice; we don't see people, we see numbers, just gross numbers.

I think of millions of years of evolution, of cultures, magnificent cultures, now buried in dust and debris. I read about Aldous Huxley's "brave new world" and cold society, with the machine society, with the mechanical man, the "Homo mechanicus." And I get discouraged and ask: "How, how in all this maze do you serve man?" I look around at wars and rumors of war, and I ask: "Where do we find meaning in our little three-score years and ten, and how can this concept of service mean anything when viewed over the long picture and against such a background of humanity in the mass?"

A Personal Experience

Well, there is a concept that means a great deal to me personally – my personal philosophy of service and activity – and I will say it as clearly as I can for whatever it may be worth to someone. I first started thinking about this when I was flying in Korea looking at the frozen and hungry children around me and wondering how "to brighten the corner" where I was, where I found myself. And in those off-hours when not flying, working in those orphanages right around me and with those children that I stumbled over daily, brightening the corner there was not really too difficult – one of the most meaningful experiences of my life.

The world of plant and animal life often progresses to a higher plane of existence through what is known as a mutation. You remember from your own biology lessons that a mutation is where an alteration or change in form or quality takes place in a plant or animal, either slight or abrupt. A mutation is where a little genetic change has taken place, which in turn, if propagated, can produce an entire new series or new species or new plant. Some of our most beautiful plants have come from mutation, and so, too, in animal life. The magnificent peppermint carnations that you get at the floral house come from a virus-inflicted mutation a number of years back. Many of our most beautiful tulips are the result of mutations. In other words, mutations play a vital part in the evolution, and often improvement, of our plant life.

It gives great meaning to me and for me to think that man evolves, that you and I go through changes and transformations and evolve and grow due to mutations that take place in every generation, the moral mutation being the life of a man or a woman who has cast some light into the dark-

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ness, and beauty into the ugliness, and truth into the deceit. And when a human life does this, a mutation has taken place, life has been lifted, man has *morally* evolved a little higher, climbing one step further away from the mud of his conception toward the stars of his destiny.

Moral Mutations

The story of man's history is the story of mutations. A mutation took place when fire was discovered, when the wheel was born; similarly, mutations took place at the birth of writing, art, weaving and pottery, building and transport, back in the dim beginnings of agriculture, of worship, of education, of poetry, of philosophy, of commerce, of music. The history of mankind is a history of mutations, each good mutation has moved man one step higher up the ladder of moral and mental and cultural evolution. What I am saying is that each person whose life has been a mutation for good has served man in the highest manner in which man can be served.

Moral mutations take place in every village, in every state, in every nation, in every generation, through the lives of individuals – from the giant mutations of a Jesus Christ, a Gandhi, a Schweitzer, to the thousands of smaller mutations by those whose names are not known fifty miles from home. In the long run, it is no doubt the moral mutations of those thousands whose names are not known that most lift man one step higher up the ladder of moral and ethical and cultural evolution.

What I am saying is that perhaps the greatest service we can give to our fellow man is to so grow ourselves – mentally, morally, ethically, spiritually – that we become a living mutation in our community, in our time, where we are, where we work, where we live, where we play, where we worship. By so becoming a mutation for good ourselves, we help to establish a climate wherein other men can grow into a slightly improved change of the species – man.

We Start with Ourselves

How do we become a mutative force? We start with ourselves. It is very difficult to serve and save the world until first you serve and save yourself. A man cannot possibly offer anything to mankind if he has nothing to offer, either mentally, emotionally, or spiritually. We start with ourselves; for what you are, the world is; what you are, the church is; what you are, the community is; you're *it*. We serve – we become a mutative force in society – by first developing ourselves,

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our talents, our potential, our minds, by doing our work well, *where we are.*

Can you imagine what a remarkable transformation would take place tomorrow only if every person performed his daily work with excellence, with competency, with honor, with integrity, ethically? Can you imagine how others would benefit and be served from such a grace as one's work well done? Nothing starts anywhere if it does not start with you, on your block, in your home. *What you are, the community is!*

They asked Bernard Baruch on his 94th birthday—this friend and advisor to kings and presidents—they asked him this question: "Who do you consider the greatest man of this age?" And what a marvelous answer came back: "Who is the greatest man of this age? The man who is doing his own job well every day, the mother who gets up in the morning and cooks breakfast for her family."

The Distant Approach

Have you ever noticed how, with so many people, love, service, and concern always increase in direct proportion to the distance involved? It is so much easier to be showing concern for those in China than it is to show love and concern for those close to you. I have seen people who became so concerned about serving others' problems that their entire family became delinquent. So what has been proven, what has been given to the world? Only that now there are two problems instead of one. As Dr. Charles Malik put it: "The most important thing in serving the needy is to make sure that you do not become needy yourself." And Paul Tillich asked: "How can we heal others if we can't heal ourselves and our own?" Do you realize that Jesus practically never went out of his way to help people? But he helped those in his path, as he went about his business, doing his own "thing." The phrase is used over and over and over in the gospels. They came to him, they sought him out, he healed those in his path.

Just look around you at those people whom God has already put in your path—without even changing your daily routine. Look at the human being whom you have been ignoring: the yardman, the man downtown at the parking lot, your business associates, the waiters, secretaries, bank teller, friends, all of the men and women that you stumble over daily in your rounds of activities. We stumble over the bodies of our family daily while looking outward and away trying to find someone else to love or to help.

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We stumble over the bodies of those closest to us, in our daily paths, while trying to find someone to love in some world-wide evangelistic program.

Let us brighten the corner where we are, and what a fantastic transformation will take place in this world, and more especially in your world and my world. How do you brighten the corner? By living by what you know to be true. Sure, we all can cry, "Oh, there is so much that I don't understand, so much that is not clear." But let's live, daily, where we are, by what we do know to be true and good.

You know that beauty is better than ugliness, truth is better than deceit, love is better than hate, trust is better than suspicion, hope is better than despair, enlightenment and education is better than ignorance. There are so very many, many things that we do know to be true, and there is no doubt here; so let's live by that, and the mutative effects will be massive. Finally, you see, our own healing becomes a part of the healing of the world; and when enough individuals become healed *then the world is becoming healed.* And what more magnificent service could we offer to mankind than to heal ourselves, so that our health might heal others.

This is my last word:

• In serving the needy, the most important thing is not to become needy yourself.

• In serving the sick, the most important thing is not to become sick yourself.

• In bringing light to darkness, the most important thing is not to become dark yourself.

• In imparting strength to weakness, the most important thing is not to become weak yourself.

• In leading, the most important thing is to make sure that you are not being led by powers of darkness.

• In passing on truth, the most important thing is to make sure that your sources of truth are never cut off.

• In witnessing to the grace and beauty and truth of God, the most important thing is to let Him through His spirit work through you.

This is service, that through your individual mutative influence, through your light, through you, maybe just one person – but one person – will have found that next step up the evolutionary ladder.

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Lincoln Didn't Say It

DEAN RUSSELL

NEXT TO Jefferson, Abraham Lincoln is probably the most quoted — and quotable — President we ever had. And as is the case with all famous persons, Lincoln is sometimes credited with words he didn't utter. Probably the most famous example is this:

1. You cannot bring about prosperity by discouraging thrift.
2. You cannot strengthen the weak by weakening the strong.
3. You cannot help small men by tearing down big men.
4. You cannot help the poor by destroying the rich.
5. You cannot lift the wage-earner by pulling down the wage-payer.
6. You cannot keep out of trouble by spending more than your income.
7. You cannot further the brotherhood of man by inciting class hatred.
8. You cannot establish sound security on borrowed money.
9. You cannot build character and courage by taking away a man's initiative.
10. You cannot really help men by having the government tax them to do for them what they can and should do for themselves.

Dr. Russell, a member of the staff of The Foundation for Economic Education when this article originally was published in 1954, currently heads the Department of Economics at Hillsdale College in Michigan.

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Lincoln didn't say that — at least, not in those exact words. The author is William J. H. Boetcker, a retired Presbyterian minister. Yet the words were credited to Lincoln in a national magazine, in the *Congressional Record,* and in many house organs, newspapers, and radio programs.

The confusion began when an excellent quotation on property by Lincoln was printed on one side of a leaflet which contained the above 10 points, *unsigned,* on the other side. Several prominent persons who received the leaflet jumped to the conclusion that Lincoln was the author of both quotations, and they said so. As a result, we will probably continue to read this "Lincoln quotation" in various places and from time to time.

Many of us are overly impressed by *whose name* is actually signed to a statement rather than by *what* the statement says. Because of this, unfortunately, there will probably be some who will tend to discount the merit of these 10 principles when they find that they were phrased by a comparatively unknown minister rather than by Abraham Lincoln. If so, they should know that Lincoln certainly endorsed these same general ideas in different words. There is no doubt that they represent his fundamental beliefs. For example, here is Lincoln himself along the same line:

> "Property is the fruit of labor. Property is desirable, is a positive good in the world. That some should be rich shows that others may become rich and hence is just encouragement to industry and enterprise. Let not him who is houseless pull down the house of another, but let him work diligently to build one for himself, thus by example assuring that his own shall be safe from violence. . . . I take it that it is best for all to leave each man free to acquire property as fast as he can. Some will get wealthy. I don't believe in a law to prevent a man from getting rich; it would do more harm than good."

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What is Overpopulation?

ROUSAS J. RUSHDOONY

INCREASINGLY, modern man has come to believe that he faces a serious problem in the near future because of the so-called population explosion. The world, he is told, is running out of room and out of food for man, and, as a result, drastic measures may be necessary in order to prevent disaster.

Before the question, "Does the world face overpopulation?" can be answered, another question must be faced: "What is overpopulation?"

Perhaps the best answer to this latter question is that overpopulation is an imbalance between the number of people living and their food supply, which results in hunger and even famine because the available production of food cannot match the population's needs.

In terms of this definition, it must be recognized that the world has had the problem of overpopulation several hundred times at least, and probably almost consistently during much of its history. This ancient problem of overpopulation can best be understood by a few illustrations, and first of all, its history in North America. North America had a continuing problem of overpopulation before the coming of the white man. The Indian population was small, perhaps at most 250,000 to 300,000, and perhaps even less than half that number. Nevertheless, overpopulation was a continual problem, and it led to hunger, famine, and cannibalism. The very word "cannibal" comes from the Americas. It is derived from the Spanish *Canibales*, which came from the Carib *calina, galibi*, literally, strong men, i.e., those who practiced it. Both among the tribes contacted by Columbus and in the areas now a part of the United States, cannibalism was

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fairly prevalent. Its purpose was certainly often religious and magical, but it was also clearly economical as well, often dictated by the shortage of food. Among some tribes, its magical use continued into the nineteenth century:

> From time immemorial the Skidi Pawnees had offered a human sacrifice to the morning star each spring in order to insure the success of their crops of corn, beans, and pumpkins. The victim was always a prisoner of war, and usually a pure young woman. She was treated kindly by her captors and kept in ignorance of her fate until the morning she was led, painted from head to foot in sacred red and black colors, to a scaffold in the center of the village, tied to the crossbars, and, just as the morning star appeared in the sky, killed by a medicine arrow shot through her heart.[1]

This is clearly a case of human sacrifice; human sacrifice was often accompanied by a ritual act of cannibalism. But there also existed extensive cannibalism as a remedy for hunger. Indian cannibalism is very little reported or studied. Older Indians who recalled it were unwilling to discuss readily a subject which brought much disrepute to them. Modern writers, prone to a romantic view of the Indians, tend to mention it only in passing and then to justify it by unfavorable references to cruelty in Western civilization.[2] Most general works give us only a brief, passing reference to such facts as this, concerning a South American people: "Some of the many bands of Tupian people bred their women to captives of war and raised the resultant children like veal calves for butchering."[3] In most cases, however, cannibalism for economic reasons was a last resort, although not an uncommon last resort.

Hungry Hunters

Why were the Indians hungry, when they had the wealth of the Americas at their disposal? The answer is that their food supply was severely limited. A few animals, like the passenger pigeon, were seasonally plentiful, but they were not always available. Before the white man brought the horse and the gun to the Indians, buffalo were much more difficult to hunt, and smaller game was normally depended on. In forested areas, game was scarce. Living off the land is a poor way to live and

[1] John C. Ewers, *Artists of the Old West.* (New York: Doubleday & Co., 1965), p. 48.

[2] Oliver La Farge, *A Pictorial History of the American Indian* (New York: Crown Publishers, 1957), p. 56.

[3] William Brandon, with Alvin M. Josephy, Jr., *The American Heritage Book of Indians* (New York: American Heritage Publishing Co., 1961), p. 56.

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makes only a marginal and precarious existence possible. It was rarely done by white men. The fur trappers went into the wilderness with food and equipment as their capital: a grubstake made survival possible. Settlers moved out in large groups, with at least two years' income as capital, to clear, plant, and develop the soil. As the settlers developed the soil, the nearby game increased, because the food supply increased. Game drew close to settlements and multiplied, and Indians drew close to settlers to get the game as well as the settlers' produce and animals. The coming of the white man increased the food supply, because the white man developed the earth.[4]

Here is the key to the problem. The total Indian population in North America was not greater than many an average-sized American city, and yet the Indians were unable to produce enough food to avoid famine. Some counties in California today produce more food than perhaps the Indians of North, South, and Central America ever saw in a year. For hunting tribes, famine was a normal thing.

> From the Abnaki of Maine through the Micmac of Nova Scotia and the Montagnais and Naskapi of Quebec and Labrador, hunger was increasingly a part of life and legend, in direct proportion as farming dwindled and hunting became the only gainful occupation. Even in a country teeming, as the saying goes, with game, the chase is bound to be a shaky provider, there being nothing stable about a supply of wild meat.[5]

Agriculture, then, was a preventative to famine, but it was not a certain preventative. Repeatedly, the farming peoples of Europe have undergone famine. Thus, in England alone, during the thirteenth century, hunger and famine struck in 1203, 1209, 1224, 1235, 1239, 1243, 1257, 1258, 1271, 1286, 1289, 1294, 1295, and 1298. In 1258, for example, it was reported that the poor ate the bark of trees, and horseflesh, and that 20,000 starved in London, which was the report also for 1235. In 1239, we are told that people ate their children, and 1286, a 23 years' famine began, with the

[4] See James C. Malin, *The Grassland of North America: Prolomena to Its History*, pp. 138-140, Lawrence, Kansas, 1947; and Malin, "The Grassland of North America: its Occupancy and the Challenge of Continuous Reappraisals," p. 10, Background Paper No. 19, prepared for the Wenner-Gren Foundation International Symposium, "Man's Role in Changing the Face of the Earth," Princeton Inn, Princeton, New Jersey, June 16-22, 1955. See also Marquis de Chastellex, *Travels in North America in the Years 1780, 1781,* and *1782*, vol. I, p. 79f., Chapel Hill: University of North Carolina Press, 1963.

[5] Brandon, *op. cit.*, p. 175.

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years cited above being simply the severest years.[6]

The Plymouth colony in New England faced famine immediately as a result of its farming. The cause for this is stated candidly by Bradford: it was the socialistic system of farming which created the famine:

> At length, after much debate of things, the Govr (with the advice of the cheefest among them) gave way that they should set corne every man for his owne particuler, and in that regard trust to them selves; in all other things to goe on in the generall way as before. And so assigned to every family a parcell of land, according to the proportion of their number for that end, only for present use (but made no devission for inheritance), and ranged all boys and youths under some famillie. This had very good success; for it made all hands very industrious, so as much more corne was planted then other waise would have bene by any means the Govr or any other could use, and saved him a great deall of trouble, and gave farr better contente. The women now wente willingly into the feild, and tooke their little-ones with them to set corne, which before would aledg weaknes, and inabilitie; whom to have compelled would have bene thought great tiranie and oppression.
>
> The experience that was had in this commone course and condition, tried sundrie years, and that amongst godly and sober men, may well evince the vanitie of that conceite of Platos and other ancients, applauded by some of later times; – that the taking away of propertie and bringing in communitie into a comone wealth, would make them happy and florishing; as if they were wiser than God. For this communitie (so farr as it was) was found to breed much confusion and discontent, and retard much imployment that would have been to their benefite and comforte.[7]

The problem at Plymouth Plantation was thus a restrictive form of farming, one imposed from London, which undercut initiative and production. Basic to sound farming, therefore, is freedom from statist controls. As Montesquieu observed, "Countries are not cultivated in proportion to their fertility, but to their liberty."[8]

Famine Was Normal

Not nature but man is the major cause of famine. Natural disasters such as storms, droughts,

[6] E. Parmalee Prentice, *Hunger and History, the Influence of Hunger on Human History* (Caldwell, Idaho: Caxton Printers, 1951), p. 6f. See also Prentice, *Farming for Famine* (Garden City, N.Y.: Doubleday, Doran, 1936), p. 7f. Prentice's data comes from Cornelius Walford, *The Famines of the World: Past and Present*, March 19, 1878, *Journal of the Royal Statistical Society*, vol. 41, p. 433; vol. 42, p. 79.

[7] William T. Davis, editor, *Bradford's History of Plymouth Plantation*, 1606-1646 (New York: Charles Scribner's Sons, 1908), p. 146f.

[8] Montesquieu, *Spirit of Laws*, Bk. xviii, ch. 3.

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and frost can indeed destroy crops, but their effect is local, not total. Free production elsewhere can alleviate a shortage in a stricken area. In 1967, killing frosts in the San Joaquin Valley of California in some cases destroyed all the fruit on many farms. Farms sometimes within sight of a devastated farm came through the frost with minor damage. Some produce was in short supply, but other produce supplied the lack by bumper crops. Farmers whose crops were destroyed did not starve. Those who had savings used them to weather the year; many wives went to work to alleviate the financial crisis. The uses of freedom and industry saw these farmers through a crisis without any famine, nor with any proclamation of a national disaster calling for Federal funds.

Walford listed, among the causes of famine, the following factors which are of particular significance:

1. The prevention of cultivation or the willful destruction of crops;
2. Defective agriculture caused by communistic control of land;
3. Governmental interference by regulation or taxation;
4. Currency restrictions, including debasing the coin.[9]

[9] Cited by Prentice, *Hunger and History*, p. 4.

The world, during its least populous eras, suffered most from hunger and famine. As statist controls receded in the nineteenth century, hunger also began to recede, and Western civilization increasingly saw famine banished and hunger successfully dealt with. A far greater population enjoyed far greater supplies of food.

The reason for this increased supply of food was not simply technology nor the Industrial Revolution. The application of technology to Russian farming since 1917 has not seen an increase in the food supply. On the contrary, food production has declined, and the Ukraine, once the breadbasket of Europe, has been unable to feed the Soviet Union. Technology has not increased the food supply of Red China nor of any other socialist regime. The reason for the increased supply of food was the growth of freedom. Now "thanks to Socialism, famine again stalks the earth. . . . Like a horse and carriage, 'socialism and hunger' inevitably go together." As a result, "much of Eastern Europe, once a granary in its own right, lives off U. S. surpluses, while the fertile farmlands of Algeria, which produced so bountifully for the hard-working colons, have turned barren."[10] In the United States, as a result of

[10] *Barron's*, December 20, 1965, p. 1.

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the increasing socialistic controls of farming, food production is declining to the point that civil government officials can speak of future food problems, and a conservative writer can describe the policy as planned famine.[11]

Hunger Endemic to Socialism

The answer, then, to our problem is in essence this: socialism always creates ultimately an imbalance between the number of people living and their food supply which results in hunger or famine. There is in this sense, therefore, always a problem of overpopulation under socialism. Hunger is chronic and endemic to socialism.

Socialism, moreover, affects both the food supply, by limiting it, and also the population, by both expanding it at one stage and limiting it at another. Socialism grows in a country by catering to a group or to various groups by subsidies. These subsidies penalize the taxpayers for the benefit of favored groups who are termed "needy" but are now in actuality an undeservedly privileged group.

A subsidized group experiences a "population explosion." Being released from the responsibility of work, it lacks inhibitions and feels no constraint about rapid increase. Since more children may be a means of increased subsidy, the inhibition of financial accountability and responsibility is removed. Absorption with sex, and irresponsible sex, are products of a welfare economy. Zoo animals have a different sexuality than do wild animals.[12] A zoo is a welfare economy, and the zoo animals are privileged—and enslaved—animals. A welfare economics gives a privileged and enslaved status to a segment of the population. Again, America gives us a familiar and telling illustration. The American Negro, under slavery, existed in a welfare economy, because slavery is a form of welfare economics. The possession of slaves gave social status but it was not an economic asset. The slave gained cradle to grave security for a minimum of work. His living conditions were sometimes good and sometimes bad, but, on the whole, far superior to those of the peoples of Red China and the Soviet Union. . . .

The census of 1860 estimated that the total population of the United States would reach "about a hundred million" by 1900, but it estimated that, with emancipation likely, due to the start of the Civil War, "so many (Negroes) will be transferred from a faster to a

[11] Dan P. Van Gorder, *Ill Fares the Land* (Boston: Western Islands, 1968).

[12] Robert Ardrey, *African Genesis* (New York: Atheneum, 1961), p. 118.

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slower rate of increase," that "nine millions of the colored, in the year 1900, appears a large estimate."[13] The Negro population in 1900 reached 8,833,994, the total population, 75,994,575. There was thus a marked decline in the ratio of the colored population after 36 years of freedom. Slavery, as a welfare economy, had encouraged the birth rate. The further the Negro left behind slavery and plantation patronage, the more his population statistics indicated a declining birth rate. The following statistics are revealing.[14]

Year	*White*	*Negro*	*Indian*	*Total*
	(*millions*)			
1860	26.9	4.4	.044	31.4
1900	66.8	8.8	.237	76.0
1930	110.3	11.9	.332	122.8
1960	158.8	18.9	.524	179.3

The above statistics do not list Chinese, Japanese, and other groups. The Indians are included to indicate that an Indian population greater than ever existed in pre-Columbian America now lives with millions of Americans without famine. Indian America was overpopulated; modern white America is not.

The statistics are also important in that they show the marked decline in the ratio of Negroes to whites from 1860 to 1930; the Indians showed some increase in the same time, because the reservation system provided them with a welfare economy. The census of 1860 did not include Western Indians, but their numbers at that time were limited in the West. Their strong resistance has created the illusion of great numbers in men's minds. The Negro ratio declined to 1930 but returned to about the same ratio as 1860 in 1960. In other words, a generation of welfare, beginning with the New Deal of President Franklin Delano Roosevelt, provided a return to the subsidized conditions of the Negro of 1860.

The Worst Elements Subsidized

Thus, a welfare economy, up to a point, increases a segment of the population. Whether in ancient Rome or modern America, this increase is of the worst segment of the population in ability, intelligence, and character. The worst elements of the white and Negro populations are subsidized to the detriment of the nonsubsidized whites and Negroes.

In 1965, in the cities, nearly one-fourth of the Negro women who have been married were now divorced or separated as against a 7.9 per cent rate for white women. "Nearly one out of every four

[13] *Eighth Census*, 1860, p. 8.

[14] Ian Golenpaul, editor, *Information, Please Almanac*, 1967 (New York: Simon and Schuster, 1966), p. 324.

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Negro babies born" was illegitimate, a Negro illegitimacy rate of 23.6 per cent as against a white rate of 3.07. More than half of all Negro children in 1965 were helped by Federal-state Aid to Dependent Children, as against an 8 per cent rate for white children. The birth rate for Negroes was 40 per cent higher than for whites, so that it was estimated that by 1972 "Negroes will make up one-eighth of the U. S. population."[15] The situation since 1965 has become rapidly worse.

However, with full socialism, the need to gain votes by subsidy gives way to totalitarian controls over all the people, and population figures then show a frequent decline. Population figures for the U.S.S.R. are estimates only, in that the data is carefully guarded by that state, and the indications of population decline and famine are many.

The answer to the question, "What is overpopulation?" is that it is an imbalance between the number of people living and their food supply. This is a condition the world has faced during most of its history. As a result, we can answer the question, "Does the world face overpopulation?" that it indeed does face overpopulation, hunger, and famine progressively as it becomes more and more socialistic. Socialism has a poor record when it comes to eliminating problems: its answer adds up to eliminating people. In fact, one of socialism's major and chronic problems is simply *people*. Socialism on the one hand destroys production, and, on the other, breeds up the least desirable elements. Its answer is to find the people at fault. Socialism always faces overpopulation; a free economy does not.

[15] "Negro Revolt – The Big City Crisis," in San Francisco *Call-Bulletin*, Saturday, August 14, 1965, p. 2.

The foregoing article is reprinted by permission from the opening chapter of *The Myth of Over-Population* (Nutley, New Jersey: Craig Press, 1969). The Reverend Mr. Rushdoony, who is President of the Chalcedon Foundation in California, deals in subsequent chapters with the problems:

Too Many People?
The Economics of Population Control
The Possibilities of Depopulation

Copies of his book (56 pages, paperbacked) may be obtained at $1.50 from The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York 10533.

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PLANNING FOR PEACE

HANS F. SENNHOLZ

WAR is the brutal and inhuman method of settling differences between governments. But no matter how great these differences may be, the old arbitrator, time, finds an end to it all. Even the Vietnam war will one day come to its end.

War cannot be driven out by war, for the use of evil breeds more evil, hostility more hostility, and the use of force more force. Peace is the natural state of man, war the temporary repeal of reason and virtue.

In the words of James Madison, fourth President of the United States, "Of all the enemies to public liberty war is, perhaps, the most to be dreaded, because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes; and armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few. In war, too, the discretionary power of the Executive is extended; its influence in dealing out offices, honors, and emoluments is multiplied; and all the means of seducing the minds, are added to those of subduing the force, of the people. . . . No nation could preserve its freedom in the midst of continual warfare."

If this is the true nature of war we can deduce the problems and tasks of its liquidation. We need no government committees that plan for peace, no politicians or commissioners who draft new laws or regulations, merely peace.

Armies can be disbanded without delay. Free labor markets can absorb any number of veterans discharged from military duty. For, contrary to popular opinion, there is no given number of jobs. The demand for labor depends entirely on the price of labor. And this price readily adjusts to any change in labor supply. There is no record of any serious unemployment when millions of American veterans were discharged

Dr. Sennholz heads the Department of Economics at Grove City College in Pennsylvania and is a noted writer and lecturer for freedom.

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after the Civil War or the two world wars.

It is true, in labor markets that have been rendered rigid through labor union power, surpluses actually may exist. Employment in unionized industries is no longer subject to adjustment through wage flexibility, but is regulated by seniority rule and union decision. This is why returning veterans cannot expect to find employment in these industries unless they meet union specifications.

Termination of war also should permit repeal of all wartime levies. Tax rates can be reduced to prewar levels unless the government incurred a debt in pursuit of the war. In past American wars, such as the Revolution and the Civil War, the debt was retired in about one generation. The World War I debt was retired rapidly until the Great Depression administrations increased it again. After World War II, no attempt was made at debt reduction. In fact, large budget deficits have added more than $120 billion to the previous debt.

Wartime taxes are not easily reduced after the war. Government does not voluntarily surrender revenue; its departments and bureaus have insatiable appetites, and powerful pressure groups clamor for government services and benefits. Paraphrasing James Madison, especially in the postwar period government influence in dealing out offices and benefits is multiplied with the lush revenues from wartime levies, "and all the means of seducing the minds are added to those of subduing the force of the people."

Could this be the objective of the government committees and planning boards created by several state governments? Peace needs no commissioners or directors, merely reduction and retrenchment of government. The American economy needs no help from government in its necessary readjustment from war to peacetime production. It is true, armament and ammunition industries will have to curtail their operations, and consumers' goods industries will expand. In a market economy such as ours, labor and capital always respond to the purchasing power of consumers. And in case tax levies on business should be reduced, the end of war will lead to new capital formation, which in turn would increase economic output and raise standards of living. How can government planning committees aid business in production improvements?

We love peace, but not peace at any price. We do not fear the economic consequences of peace, but the government that is planning for peace.

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The E's have it

W. A. PATON

INDIVIDUAL MAN shows a persistent tendency to organize his thinking and activity. Watch the small child eagerly observing his surroundings and you will soon note evidences of the desire to systematize the results of his observations. He starts sizing up, pondering, as well as accumulating information. And if he is not thwarted by the misdirected efforts of parents and teachers he will build up his store of savvy at an amazing rate.

This tendency to array, to classify, is something for which to be thankful. Without the taxonomic inclination, indeed, it is hard to see how one could cope constructively with the complexities of life on this planet, especially if he is a member of a "civilized" community. If the individual is disorganized, lacking in understanding, the flow of phenomena encountered these days is likely to take on the appearance of a callithumpian parade – with resulting bewilderment and inability to chart an orderly course.

At the best the life road traveled will have rough spots. Buffets from an unfriendly nature can be expected as well as difficulties and obstacles arising from association with the other humans who are making the trip.

General Standards Needed

It is a great help, in contending with both routine affairs and special problems, to have established guidelines, primary rules or standards, to which reference can readily be made. We need stances, positions. These should be developed early in life, and become so

Dr. Paton is Professor Emeritus of Accounting and of Economics, University of Michigan, and is known throughout the world for his outstanding work in these fields. His current comments on American attitudes and behavior are worthy of everyone's attention.

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embedded in attitudes and behavior, so firmly a part of the warp and woof of the personality, as to provide automatically for right answers and actions in dealing with the great mass of circumstances and events met with in ordinary living. It would be a great nuisance, for example, if intensive study and research were required – every day – to settle questions of sleeping and waking hours, attire, mealtimes and menus, how and when to go to work, and so on. Those who spend a lot of time and energy on such matters rob themselves of the possibility of giving serious attention to the more crucial – and interesting – concerns with which they are faced. (Of course, if the lady really enjoys taking a half-day or more to select a pair of shoes, and has no more pressing or attractive alternatives, a defense can be made for dillydallying at the store.)

A degree of flexibility, it need hardly be said, is required as the individual steers his way through varying, changing conditions, and deals with the complications and cruxes that are bound to arise. The chap who becomes rigidly "set in his ways" will often vex his associates, and stand in his own light as well.

An endowment of basic standards, it should be understood, will not automatically solve complex problems. Such standards provide nothing more than a broad background on which to keep an eye during the process of doing the research and pondering required in coming to reasonable conclusions, forming sound judgments.

The Twin E's as Possible Guidelines

There are numerous underlying concepts and points of view that may serve as building blocks for character and conduct. Some are rooted in ethics, some stress technology, some show special concern for man's physical well-being, some are heavily loaded with political considerations – and the reader can readily lengthen the list. The twin E's, *efficiency* and *equity*, have been roughly useful to me, particularly in dealing with issues in business operation and economics generally. I'm a longtime admirer of high-level performance, top-flight workmanship, in all lines of endeavor, including the most lowly pursuits. And in company with practically everybody I am also devoted to the ideal of being fair, acting justly, in all transactions and relationships. These benchmarks of behavior are not unduly obscure, and are widely acceptable in general terms. They are nevertheless in need of a bit of examination, in part because there is considerable

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misunderstanding associated with their meanings and applications.

Efficiency — E One

Regarded from an economic point of view efficiency is peculiarly an aspect of the process of production; it represents productivity raised to a higher power. In relation to the individual, efficiency refers to both quality and quantity of personal accomplishment. In a broader sense efficiency means overall utilization of manpower and other resources in a superior manner, with the goal of maximizing the flow of goods from the economic pipeline.

The level of efficiency, performance, is accordingly a crucial factor in connection with all efforts to maintain or increase the volume of output. Thus those who are genuinely devoted to bettering standards of living, abolishing poverty, and making more generous handouts abroad should be earnest — if not ardent — advocates of efficient industrial operation. They cannot reasonably condone carelessness and indifference in economic activity, anywhere along the line, to say nothing of outright loafing and soldiering. They must support good organization and administration. They must be on the alert to oppose interferences by either governmental or private agencies with new methods and techniques designed to reduce waste, promote better operating performance, and spur product improvement and development of new products.

In the area of commonplace manual activities, such as laying shingles or trimming hedges, it is usually fairly easy to select the star operatives, and measure margins of superiority. Even here, however, there are questions to settle in making comparisons and forming judgments. When the boys go out to the swamp to pick wild raspberries no one expects 8-year-old Tom to equal the accomplishment of his 12-year-old brother Dick, and 16-year-old Harry may well do still better. Likewise in appraising mature workers, in any field, muscular strength, eyesight, native intelligence, and other inherent qualities must be taken into account in rating performances (which doesn't mean that the handicapped person, even if his effort is 100 per cent, should be rated above or be paid more than a superior workman whose effort falls short of the best of which he is capable).

In the area of those providing professional and quasiprofessional services, including inventors, researchers, explorers, and other highly specialized workers in the economic vineyard, it is more difficult to array individuals in terms

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of level of performance. In the field of business management, for example, who constitute the outstanding performers, who make up the second flight, the third-placers, and so on? In appraising executives, breakdowns are of course necessary in terms of years of experience, levels of responsibility, and other factors. The familiar tests of the rung of the financial ladder attained by the manager personally, or by the organization he heads, are not free from objection as measures of essential talent and accomplishment.

Among rank-and-file staff, and laymen generally, as we all know, the supervisors and bosses, including the top brass, often don't rank very high on any scale. Opinions and judgments from such quarters, as we also know, are likely to be uninformed and arbitrary. The widespread bias against business, which will probably always be with us, stands in the way of good measurement of either people or enterprises by popular polls. Even among students of economics the key functions of the entrepreneur, and the savers and investors who provide the necessary funds, are often not clearly seen, and convincing anyone that speculators may be rendering an important service in the market economy is next to impossible. The confirmed socialist, of course, insists on classifying all capitalists as parasitic, if not as full-fledged jaegers.

One other phase of the problem of defining and measuring level of performance should be mentioned. In an economy dominated by machine methods, and with production largely in the hands of business enterprises commanding a complex of tools and employing a substantial number of people, furnishing a wide range of services, the individual participant is a part of a package of productive factors and his particular contribution may not be readily determinable. Moreover, the performance of the particular human agent is bound to vary with the nature of the package of which he is a part. The individual's productivity, in other words, will vary with his technological endowment, and the overall setting in which he is working. To use a very simple example from farm operation, the man plowing with an old-model tractor, not in first-class condition, cannot be expected to match the showing of the man operating a fast, modern machine.

Increasing attention is being given nowadays, quite properly, to ways and means of motivating the members of the enterprise staff, and of judging capability and achievement. But there are no easy solutions, no convincing and infallible measurement techniques,

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conveniently at hand. Where two or more factors contribute to a common end there is literally no valid physical method of assigning the value of the result to the contributing factors. The only significant solution available is the imputation furnished automatically by the mechanism of the market.

Efficiency — Conditions Conducive and Contrary

In the above comments on *E One* are some suggestions and implications as to conditions encouraging or discouraging to high-level effort and achievement in the economic realm, but this important subject needs further attention — at least to the extent of outlining major factors. In extending the discussion, briefly, no attempt will be made to distinguish sharply between efficiency in the sense of personal, individual accomplishment and the level of performance — productivity — for the economy as a whole. The two aspects are of course closely related.

The basic requirement is the institution of the market, referred to above. In the absence of a market economy there is no substantial foundation for top-flight workmanship and high productivity. Without a market there can be no exchange (beyond clumsy barter), without exchange there is no opportunity to specialize, and without specialization there is little or no incentive to become an expert, a master, in any line. Even the potential jack-of-all-trades has small chance in a non-market environment, lacking an array of trades at which he can bestir himself.

The term "miracle" has often been used to characterize the amazing accomplishment of the free competitive market as the director of economic activity — both production and distribution — and this characterization scarcely goes too far. Reflecting the continuing interplay of the attitudes and desires of the host of participants, the market gives the signals that channel resources into an intricate array of enterprises, turning out a still more elaborate pattern of products, and at the same time determines the shares in the output — makes the awards to all contributors and claimants. The market, in other words, provides an impersonal and automatic thermostat for the entire economic process.

The institution of the market has proved to be tough, but it is not indestructible. If laden with a maze of governmental restrictions and interferences the market's ability to translate promptly into prices the ever-changing flow of impulses from buyers and sellers, can be impaired to the point

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of malfunction, and if the process of piling on regulations is continued the end result will be some form of central planning or socialist dictatorship. It is beyond the scope of this small piece to present an indictment of collectivism, of any variety, but both the historical and current scenes present an abundance of evidence of the inefficiencies and tyrannies that flow from governmental operation of the economy. If the reader has any doubts on this point let him take a careful look at the experience of the U.S. post office – or any other business run by a political apparatus of any kind. Or let him read the devastating account of "The Rise and Fall of the National Plan", in Great Britain, by the Honorable J. Enoch Powell,[1] and follow this with Dr. G. Warren Nutter's *The Strange World of Ivan Ivanov*.[2]

Other Wasteful Interventions

Government action is not the only source of interference with the free market which threatens the survival of that institution. The restraints and arbitrary rules imposed by labor unions constitute a substantial roadblock to the functioning of the market, especially in certain sections of the mechanism, and undoubtedly result in inefficient use of available resources and serious limitation of output. I still wince when I read about the 20-25-hour work week. What in the world will a guy do with the remaining 140 or more hours? And I can't overlook the soldiering tendencies, lack of discipline, seniority rules, required featherbedding, and other features of present-day labor practice standing in the way of greater productivity.

Inefficient use of human resources wouldn't be so bad if we could keep the machines going without the men. Driving past a construction job on the highway, and seeing the equipment standing idle, in broad daylight and good weather as well as when working conditions are unfavorable, continues to be a painful experience for us worrywarts. The spectacle is then made infuriating by a big sign with the legend "Your Tax Dollars at Work".

But we can't blame all our economic troubles and losses on government and the unions – or on the weather. There is a widespread infection amongst us of bad habits and practices. Vandalism is rampant, and we are becoming so

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[1] Chapter 3 of *Freedom and Reality*, a brilliant book by Powell. B. T. Batsford, LTD., London, 1969.

[2] World Publishing Co., Cleveland, 1969. Professor Nutter, currently an important official of the U.S. Department of Defense, is an outstanding authority on Russian economics.

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callous that the smashing of a score of plate-glass windows, coupled with a bit of looting, or the wrecking of a schoolroom, are hardly worth noticing in the news. Major criminal action, organized and disorganized, and increasing at a frightening pace, is surely man-made, and can only be curbed by concerted human effort. Fire does a fantastic amount of damage across the country, and few communities of substantial size escape serious conflagrations for long periods. There are undoubtedly many cases of arson and sabotage, and lightning does strike occasionally, but sheer carelessness by smokers and others remains the number-one cause. The carnage on the highways, resulting in 55,000 deaths and about 80 times that number of reported injuries annually, should perhaps be put at the top of the list. As every police officer and car repairman knows (and anyone willing to observe and think does too), traffic accidents are accounted for by the bad driving habits of a substantial fraction of the licensed operators, and the effort to shift the responsibility to the cars – remarkably well-built and efficient vehicles – is one of the silliest nonsense campaigns to which we have been subjected. The universal method adopted by the newspapers in reporting accidents, describing the car capers that bring disaster to the driver, is truly exasperation reading.

If anyone were to stand on the street corner and poll passers-by with the simple question: "Do you favor waste, inefficiency, and low productivity?" it is safe to say that he would receive negative answers from almost all of those whose attention he could attract to his question. But if he could follow this up by studies of the habits and conduct of a sample of the people polled he would find condoning of bad present-day practices and conditions, and active participation therein, in many cases. Again, unfortunately, we don't practice what we preach.

We Have Still Fared Well

With all our frailties and troubles the performance of the American economy to date has been almost incredibly good, by all comparative tests. Favored by the stimulus of a substantial degree of laissez faire, in our political and economic environment, the economic output of the United States, in both volume and variety of products, has been the world's wonder – and envy. The basic statistics of our affluence, and margin of superiority, have been widely publicized, and will not be quoted here. Instead I'll tell a short story of personal experience. About fif-

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teen years back I was pinned down by bad weather at the "Soo", in Michigan, and was trying to do a bit of writing while waiting at the hotel. My ball-point suddenly gave out – as they still do. Down town I went to get a couple of new cartridges. In the department store I wandered into I caught sight of a small barrel filled with plastic, retractable ball-point pens, attractive in appearance and priced – you won't believe it – at 5¢ each! I tried one or two and ended up buying a dozen, the total cost being less than the price of a refill cartridge for my old pen. As I recall there was only one lemon in the bunch. This episode impressed me then and has continued to impress me as token evidence of the tremendous surge of American technology and the marvels afforded by our operating methods and the mechanism of the free market. I would wager, and give odds, if there were any way of deciding, that if a government bureau or board had been established when the Pilgrim Fathers came ashore from the Mayflower, about 350 years ago, with instructions to produce a workable ball-point pen to retail for a nickel, the result to date would be the complete failure of the undertaking. They would probably still not have a pen of any kind.

The problem now, in a nutshell, is how to retain the essential features and blessings of the system.

Equity – E Two

The other side of the coin is equity, fairness, and this is a more elusive concept, and hence more widely misinterpreted, than the standard of efficiency, superior performance. About all that can be attempted here is to throw some light on major misunderstandings, and indicate the linkage of E-Two with E-One.

The fatal weakness in the popular view of the meaning of equity results from loading the concept heavily with sentimentality – turning it into an emotional lodestar. According to this slant on the subject, fairness in human conduct means giving primary attention to the needs and desires of the "disadvantaged", the "underprivileged", coupled at times with actual restraint and discouragement of the more talented and productive amongst us. This view is grounded in part on the familiar tendency in family life to devote especial care to the sick or ailing member, or the crippled child. No one in today's society objects to this, even where there is no possibility of cure or improvement. But is it reasonable to extend this policy generally, throughout the economy? I believe that a negative answer is

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justified. If the individual, on a strictly voluntary basis, devotes a part of his energy and resources to helping his fellowmen, nearby or far away, who have unsatisfied wants or are in distress, such action should be acceptable in a free society. But this is a far cry from using the powers of government, plus private pressures from fund drives and other organized appeals, to take by force – or other form of coercion – the fruits of the labor of the more capable and successful, and ladle out the resources so seized, through the agency of costly boards and bureaus, in welfare programs often clearly unwise and wasteful. I see no good reason for considering such action as falling within the zone of fair or equitable policy.

Here, today, is our number-one problem. We are suffering from a sustained surge of catering to the underdog, including proposals that approach complete irrationality. Especially hard to take, by those who still respect common sense and objective thinking, are the suggestions and demands pouring out from the current swarm of psychologists, sociologists, welfare workers, and other "social science" groups infesting college campuses. These "experts" don't hesitate to push programs that are bound to intensify and perpetuate the problems they are ostensibly trying to solve – which is folly compounded.

Equity is not softness. Good management often requires hard-boiled decisions and actions and these need not be at odds with justice. Trying to fit square pegs into round holes, it is universally agreed, is not practical procedure. There is also wide acceptance of the view that it is bad policy to substitute inferior materials for those called for in the job specifications, or to employ unsafe or substandard methods and equipment. Why can't it also be recognized that displacing the more efficient and productive employees to make room for inferior personnel is no way to run the shop, in any field? It should be plain, too, that heavy concentration of available funds on training the backward, the unpromising, to the neglect of selecting and developing the talented, the individuals with high potential, will eventually saw off the limb of advancing technology and high output we are sitting on. We can't afford, in short, to misuse the pegs.

But those objecting to proposals they regard as stupid and dangerous should not be too eager to suppress the agitators and nuts, in professorial ranks and elsewhere, who are leading the parade. A free society must provide elbow-room for diverse points of view and varying procedures. Miss Folly

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is riding hard today and effective resistance is badly needed, but let's not call on government to unhorse her if this can possibly be avoided. On the other hand, it would be quite proper if the governing boards of our colleges and universities, and the taxpayers who are putting up the money, were to insist on revision of current employment and tenure practices.

A Place for Kindness

Before commenting further on the economic side of the picture it should be noted that there is no intention here of attacking or disparaging the exercise of kindness in human relations. Patting little Tommy on the head, or even giving him a Roosevelt dime on occasion, is a personal right against which there is no need to tilt. Befriending a neighbor, even when his difficulty or condition is of his own making, and similar acts, likewise may pass muster as unobjectionable conduct. Two warning notes should be sounded. First, don't indulge your friendly spirit to the point of being a nuisance, a busybody, or a person who leaves the sink at home full of dirty dishes while out helping others to tidy up. Second, look at the secondary as well as the immediate effects of your generous impulses, and if the object of your solicitude will be damaged, for the long pull, rather than benefited, try substituting good advice for other interferences; or, even better, try tending faithfully to your affairs and letting the other fellow have a go at solving his own problems.

There is likewise no intention of suggesting that courtesy, friendliness, humane treatment, are not compatible with efficient operation in business enterprise. For ten years Mrs. Paton and I, with our granddaughter Victoria on occasion, have been regular patrons of a restaurant (a small chain) which we have decided is the best that can be found for our needs. And the major factor which attracts us, in addition to the superb soups, is the quality of the service. The "girls" are carefully selected and rigorously trained and they are conspicuously *considerate* as well as *capable*. We have traveled about quite a bit and have never found their equal elsewhere – regarding the staff as a whole.

I suspect that careful investigation would show that usually one will find efficiency where he encounters courtesy.

Fair Prices and Fair Profits

This is the area in which efficiency and equity must be confronted. What is a "fair" price?

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What is a "fair" profit? These terms have been bandied on the economic scene for a long time, and they have finally become so entrenched and commonplace that everyone assumes they have settled, significant meanings. The fact is, however, that it would be difficult to find anything else in the everyday economic lexicon with less substance – or with more potential for mischief – than these popular expressions. Here is a spot where there is a real need for dissipation of the fog.

With regard to price adjustments and profit levels, "fairness" is widely considered to be identical with "reasonableness", and this view has been encouraged by several prominent business tycoons. "We only want a fair profit". "We are only entitled to reasonable prices and earnings". This is the kind of talk that has become very familiar and is widely applauded. Actually such remarks are twaddle, and it is painful to see them taken seriously. A *proper price* is the resultant of the array of attitudes and impulses from buyers and sellers in a free, *competitive* market. In such a market the producer is entitled – to put it bluntly – to get all he can, to sell at the highest price obtainable under the prevailing conditions of demand and supply. It is sheer nonsense to prate about any other standard than that furnished by the market, the director and arbiter of our economic affairs and a stern disciplinarian to boot.

And substantially the same test must be applied in passing judgment on the level of the net earnings, profits. The contractual, hired, layer of funds is of course entitled to the price agreed upon, as long as it is financially feasible to make the payments as agreed. Those who provide the layer of exposed, high-risk capital, as stockholders or proprietors, on the other hand, have no contract with the business entity or with customers assuring them of a particular rate of return, or any return. Their investments are cast upon the waters of the conditions of the particular business, with the state of the economy as a whole as background, and they face the possibility of loss as well as gain. Nevertheless the layer of risk or venture money is essential, crucial, in private business operation; and a continuing accumulation and flow of such funds into the economy cannot be expected unless the overall economic climate provides at least the prospect of an income sufficient to justify the responsibilities and hazards undertaken. It's a bit like fishing; not many would indulge in this activity if there were no hope of catching anything. The

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greater the hazard, moreover, the more necessary the possibility of hitting the jackpot, making an unusually high rate of income. In other words, there must be a lure appropriate to the risks assumed. Those who are forever advocating the restriction of profits to some nominal "fair" rate are in effect proposing a barrier to capital accumulation and investment and – for the long pull – a barrier to the continuation of a system of private enterprise. One of the sure ways to destroy capitalism, without firing a shot, is to take away the incentive of the stockholder class. Risk is inherent in economic activity, and the only alternative to the shouldering of this risk by private capital is use of the tax power of the state – which means some form of socialism.

"Profiteering" should be mentioned. This is a term that ought to be banished from our vocabulary. I doubt if there can be found, either in popular discussion or in the technical literature, a clear-cut, understandable definition of "profiteering". But everybody uses the expression freely, to describe those nasty people who charge "too much" for their products and make "excessive" profits. One of my professor friends – whom I won't name – recently wrote about how the ancient Greeks "discouraged profiteering in the construction of public buildings". The building contractors, so the story goes, were required to carve the amounts of their receipts and expenses "on stone tablets which were set in the walls".

Once more: prices and profits are not excessive or improper if the levels are set by the forces of the free, competitive market.

Significance of Competition

In the above comments there have been several references to the market, as the basic economic institution, and in these references the qualifying adjective "competitive" has been attached. Here is another spot where misunderstanding is rampant and an attempt to make a brief clarifying statement is in order.

Popular concepts of economic competition are generally hazy and unrealistic, and most of the treatments in the textbooks are far removed from the actual processes of price-making. The courts and regulatory commissions, too, have often been off the track in their theories and determinations. The common opinion seems to be that competition is a harsh and chaotic process. Fairness is often regarded as unattainable in a competitive climate. There is misunderstanding as to long-run versus short-run impacts; there is inadequate appreciation of the varying forms

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and modes which market competition may take. Above all, both casual and close observers have trouble appraising the evidence that price levels and movements yield as to the existence and potency of a state of competition. Thus we see legal determinations that find lack of competition in a continuing similarity of product prices, and others that scent monopoly in varying prices in a particular market area.

Competition, it must be insisted, is not a cruel or baneful influence; it is rigorous, but neither unfair nor destructive. Competition should not be equated with misrepresentation, fraud, or any form of predatory conduct. The essence of competition is pressure on the producer to reduce costs and improve products to attract and keep customers. This pressure, stemming from other producers, may take a number of forms. It may result from improvement in product quality, better packaging, more prompt delivery, superior repair service, and so on — as well as from a lower price. Strictly speaking, the *product* is the entire set of physical elements and related conditions furnished to the customer. In practice there is a tendency to look only at the price factor in judging the presence and degree of competition, which is clearly a mistake. We should be thankful for producers who are efficient, aggressive, innovative. These hustlers force the rest of us to grab at their fast-moving coattails and try to keep up with the technological and administrative advance. Here is the feature of the market which provides protection for the interests of the customers. Competition represents the pressure needed to keep all producers disciplined and on their toes.

Imperfect and Effective

An important aspect of the competitive process, usually overlooked, lies in the fact that competition must be imperfect in order to be effective. The hustlers and innovators just referred to are of course trying to gain an advantage by getting the jump on competitors with the new package or other improvement. If the impact of every new development were instantaneous and complete throughout the market, so that no advantage whatever could be realized by the producer whose resourcefulness is responsible for the change, there would be a serious dampening of the urge to make improvements in methods and products.

Competitive pressure is the primary roadblock to the growth of monopolistic situations. Potential competition — the possible entry of new producers into the field —

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is also an important antimonopoly factor. In addition there are well-known obstacles to monopolistic overpricing in the form of elasticity of demand and possible use of substitute products.

Producers undoubtedly worry a great deal about competitors, and don't particularly enjoy seeing new heads appearing on the horizon. There is nevertheless a bright side to meeting competition, aside from the great benefit to customers. Pressures that require us to get busy are a good antidote for the inevitable dull periods. Falling into a rut is easy, but a long stay there is neither enjoyable nor conducive to effort to climb out. For a dozen years or so I was on the board of directors of a company that had begun to go slack, fall behind the procession, especially in product quality. Old customers were complaining and the situation was becoming critical. At this point a new president came on the scene and started cracking the whip. Junior executives, jarred out of a state of complacency, did a lot of growling at first. But shortly – and here's the point – they began to take part vigorously, with obvious improvement in spirits, in the campaign to catch up with competitors. Without much doubt, for most of us, an atmosphere of hustle is preferable to a continuing state of humdrum.

* * *

It's time to wind up these observations about the E twins. Two points, pertaining to individual conduct, may be stressed in conclusion. First, the most satisfying feature of a lifetime on Mother Earth is a sense of accomplishment. This becomes very plain as we grow older. And although most of us never achieve pinnacle performance in anything it's fun to keep trying. Second, looking back on the journey provides an especially good feeling if one can recall few if any times when he behaved unfairly. The best way to run the race, for sure, is to rely on one's own power and speed, and not get in another runner's way, in the drive to hit the tape first.

The E's, like the "ayes", still have it.

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EARL ZARBIN

A Living Symbol

I DECIDED to wear a peace symbol.

No, not THAT peace symbol, the one used by some folks as an emblem of their protest against war in South Vietnam.

I've always held that anyone who favors war over peace isn't all here, so wearing a symbol to protest the Vietnamese war or any war is like nothing. Who needs it?

Still, seeing these people walk around with their inverted trident badges nagged me. We're all for peace, I said to myself, except most of us don't feel the need to constantly remind everyone who sees us.

Finally, I concluded that THAT peace symbol didn't really stand for peace, anyway. The inverted trident is the combined semaphore symbol for the letters ND, which stands for nuclear disarmament, and was first used in the mid-1950's by "ban the bomb" marchers in London, England.

My peace symbol was to be much older. It had its origin somewhere back in antiquity, when men got the idea that their bodies and their minds belonged to themselves and not to some slave master. The concept was refined and developed in the eons, exploding, as it were, in the American Revolution. The imperfect men of the Revolution later put together the imperfect Constitution of the United States of America.

Despite its deficiencies, the Constitution was then, and continues to be, a beacon in a world of authoritarian lust. If the dreams men dreamed could not be perfected under the Constitution, the fault lay not with it, but with the men themselves. Enough of them realized this; some of them also saw the uniqueness of the Constitution: the power of government was granted from the governed, not from some divine right or from the muzzle of a pistol, and they were free to act for themselves, not as some king or dictator directed.

Many Americans reacted posi-

Mr. Zarbin is a newspaperman in Arizona.

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tively to these extraordinary conditions. They pursued self gain. Working in their own interests, they created the climate that produced opportunity, that produced jobs, that produced wealth. Among themselves they debated enterprises, funding those they believed would be profitable, rejecting those they considered would not result in good returns.

Not everyone was productive in the positive sense. Some cheated and robbed. Others, perhaps those who considered themselves more sophisticated, determined to use government to achieve for themselves what they were unable to do in the free market place. Thus, the corruption of the Constitution set in at once.

Who can say if men will always rob to accomplish for themselves what they have been denied by the good judgment of their fellow men? No one can say with certainty, but until that utopia arrives, the peaceful and productive citizens, those who would rely on themselves and on the voluntary and willing cooperation of their neighbors, must organize a police force which they name government.

This police force is not designed to restrict or to restrain any person engaged in peaceful endeavors. Nor is it intended to do for some men what other citizens will not do for them. Confident that this was the bedrock of their government, the people of the United States sought to make better lives for themselves in thousands of different ways.

Peaceful Existence Under Law

The measure of their success could be gauged in many ways. Monetarily, it was represented by the dollar, which in July, 1785, had been adopted as the money unit of the United States. The first paper money was issued in 1861 and on many of the notes the initials of the United States were printed: US

Some persons believe the $ sign stands for the initials of the United States, a narrowed U atop the S with the bottom of the U cut away.

But A. H. Quiggin wrote in *The Story of Money*, "The upright lines of the dollar sign, $, may be derived from the Pillars of Hercules, but the device is usually attributed to the Spanish contraction for *peso*, a weight." The Pillars were represented on the Spanish dollars, or "pieces of eight," before the first colonists arrived.

Whatever the origin of the dollar sign, I thought it would serve as my badge of peace. I had a friend fashion such an emblem – 4 inches high – from silver, except that the bottom of the U was

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not cut away. A chain was attached to it and I let it hang from my neck. I wore it everywhere I went.

Among persons who saw it and asked about it, my self-devised peace symbol seemed a quick success. After stating what it was, I explained that the U.S. was the embodiment of the ideal of peaceful existence within a framework of law and that it was within this structure that maximum personal freedom, and productivity, was achieved.

The U.S., I said, stood for a positive assertion of peace. Only when there is peace can we maximize the effort to satisfy human wants and desires. War and turmoil are the great destroyers because they turn efforts and resources away from filling the real needs of human beings.

Freedom Under Limited Government

Only by strictly limiting government to its necessary role, as outlined in the Constitution, can Americans be most fully served, for they serve themselves and one another through voluntary and peaceful exchange. This remains the promise for these United States if government interventionism ceases, because interference by government in the market place is unpeaceful.

In its finest sense, the U.S. stands for the best possible meaning of peace that I, to now, have been able to discern. That this peace hasn't been achieved is no slander on the concept or the potential; rather, it is a confirmation of the imperfection of man.

Nonetheless, I believe the ideal, while it may never be achieved, is known, and that if it is ever to be reached it will be done by men individually controling themselves and their actions. Peace would be the inevitable outcome. The idea is there, and that is the thought I had hoped to express with my peace emblem.

Then one day, five weeks later, I put the symbol away. I wasn't displeased with the results, but I realized there was a still better symbol, the symbol of self.

A living symbol, which we human beings may struggle to become, though we know we shall never ascend the pinnacle, is far better than an inanimate sign which can mask deception. Humans can and do deceive, too, but I don't believe they can always hide their real selves. What they are will come through in what they do and say.

The symbol of what we are should be ourselves, not a piece of lifeless metal. ⊕

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The Conservative Mainstream

FRANK S. MEYER, who writes the fortnightly column called "Principles and Heresies" for the *National Review*, is totally uncompromising when facing his collectivist enemies. But within the conservative movement he is the great conciliator.

This does not involve Mr. Meyer in legerdemain, but it does require of him considerable deftness in analysis. In *The Conservative Mainstream* (Arlington House, $8.00), an extremely well-arranged collection of his columns, articles, and reviews, Mr. Meyer is careful to make his own position absolutely clear. He is a "libertarian" more than he is a "traditionalist." The libertarian, he says, takes as his first principle in political affairs the freedom of the individual. In a free society the power of the state must be limited to protecting the individual in his inalienable rights, as they are menaced from within the nation and from without. Where the libertarian philosophy is strictly applied, the state taxes only to support the police, the courts of law, the military forces, the public services that guard the individual against disease and the invasion of privacy, and the currency that is used in contractual relationships. Mr. Meyer is under no illusions that we live in a libertarian society today, which means that he does not support what passes for liberalism in an age of sloppy nomenclature. He is, in a way, a Whig, but without the nineteenth century Whig's carelessness about letting a bit of socialism creep into the practical ordering of affairs.

Thinking as he does, Mr. Meyer has often been the target for traditionalist conservatives who think the pursuit of virtue is the only important consideration. Mr. Meyer parries the traditionalist's as-

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sault upon his – and the libertarian's – position by conceding that it is the duty of all men to seek virtue. But he insists on the need for individual freedom if the pursuit of virtue is to have any human or moral significance. Virtue, if compelled by an unlimited government, is, as Mr. Meyer puts it, a mere "simulacrum" of the good. The virtuous individual must make his own uncoerced choice between good and evil if he is to be something more than a zombie.

Means and Ends

So Mr. Meyer comes to his conclusion that modern conservatism must be a fusion of two different historical streams of thought. Freedom is an end, as the libertarian has always held. But it is an end only at the political level. When the higher ends of the human being are considered, freedom at the political level becomes the means which enables the individual to make his own moral and religious decisions for himself.

Since power cannot be wished out of existence, as the pure anarchist might wish, both the libertarian and the traditionalist wings of the modern conservative movement must insist on the continued relevance of the thinking of James Madison to American conditions. The powers of the central state must be divided and balanced, and the nonenumerated powers must be left to the voluntary associations where they are not considered to be within the discretion of the local governing unit. The Madisonian would reject both the authoritarian extreme of nineteenth century conservatism and the utilitarian extreme that betrayed John Stuart Mill into socialism in his old age. There is room for "providence," "honor," and "valor" in Mr. Meyer's Madisonian fusion of the conservative and libertarian streams of thought. As Mr. Meyer says, the champion of a freedom that is founded on the "deep nature of man" does not revise Patrick Henry. He does not say, "Give me liberty if it doesn't mean risking war; give me liberty, but not at the risk of nuclear death."

The traditionalist conservative who quotes Aristotle against Mr. Meyer's "fusionist" position runs up against Mr. Meyer's own superior knowledge of Aristotelian ethics. "In order to be good," said Aristotle, "one must be in a certain state when one does the several acts, i.e., one must do them as a result of choice and for the sake of the acts themselves."

From Abstract to Concrete

Mr. Meyer is more willing than most journalists to argue in terms of abstractions. But the bulk of his book applies the abstract "princi-

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ple" to the concrete instance of modern "heresy." Thus Mr. Meyer is able to take on such enemies of his own conservative fusionist position as John Maynard Keynes, Robert McNamara, the majority members of Chief Justice Earl Warren's Supreme Court, Lyndon Johnson, the Kennedys, Senator Eugene McCarthy, the more "New Dealist" of the Republican Party (Javits, Lindsay, Nelson Rockefeller). At the other end of the contemporary spectrum, one finds Mr. Meyer attacking the Populism of George Wallace, who would substitute for the "liberalism" of the Eastern Establishment the tyranny of the majority as "pure will," untrammeled by "considerations of freedom and virtue." Wallace is against the modern liberal's urge to impose a "utopian design" on society. This in itself is good. But in his campaign against the "pointy heads" and the "briefcase toters," Wallace combines "nationalist and socialist appeals" (he is for the Welfare State in Alabama) and betrays a "contempt for the intellect in all its manifestations." His "polar opposite" of the modern liberal's "political perversion" is just another perversion. It is not "true conservatism."

Naturally Mr. Meyer is very much concerned with foreign policy. He takes communism seriously. Marxism is devoted to the ultimate destruction of capitalism, the bourgeois order, or whatever you want to call the Western way of life. This being true, the confrontation of East and West cannot come to an end without surrender by one side or the other. (The surrender could be peaceful, depending on internal political overturn in Moscow and Peking, or in Washington, London, Paris, and West Berlin.) Since Mr. Meyer is in no mood to surrender, he insists on fighting the Cold War, and even such Hot Wars as the one in South Vietnam, which was forced on us by inept statecraft. If we and our allies are to be overrun by the communists, the opportunity to pursue virtue would obviously be closed to everyone save a few congenital martyrs. There would be no more scope for argument between traditional conservatives and libertarians such as Mr. Meyer; indeed, there would be no fundamental arguments of any type. We would be back in the catacombs, facing a new Dark Age.

Differences Among Friends

Mr. Meyer's insistence that Soviet intentions are wholly dishonorable leads him into controversy even with some of his generally anticommunist colleagues such as James Burnham. Burnham, as Mr. Meyer sees it, has ceased to be wholly persuaded that Moscow

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must, by virtue of Leninist doctrine, be committed to an expansionist program forever. This seems to Mr. Meyer to be a repudiation on the part of Mr. Burnham of the old anticommunist position which regards Leninism as inherently imperialistic, and therefore continuously menacing to the capitalist world. Mr. Meyer's own thinking is that Moscow pursues "co-existence" purely as a tactic. It is aimed at making the Soviet Union's western front safe, thus freeing the communists to follow a strategy of subversion and the promotion of "people's war" and "liberation" in the old colonial regions of Asia, the Middle East, Africa, and Latin America.

In the opinion of this reviewer, Mr. Meyer is correct in his assumptions. But surely Mr. Burnham, however he may have nodded in a particular instance, is in fundamental agreement with Mr. Meyer. After all, the author of the *Suicide of the West* can hardly have gone over to the cause of self-destruction through the lack of eternal vigilance.

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